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GUSTAV STRESEMAN
HIS DIARIES, LETTERS, AND PAPERS



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HERR STRESEMANN

From the portrait by Augustus John, R.A.

Frontispiece

GUSTAV STRESEMAN

HIS DIARIES, LETTERS, AND PAPERS

Edited and Translated
by
ERIC SUTTON

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EDITOR'S NOTE

STRESEMANN'S "Papers", under the title of "Gustav Stresemann. Vormächtnis", was published in Germany in 1932-1934, in three volumes, under the general editorship of his secretary, Henry Bernhard. For this, the English edition, the work has been slightly condensed, but only by the omission of a certain amount of what, it was felt, was more ephemeral matter; mainly articles for newspapers, and documents connected with purely domestic episodes in German politics, of little interest to English readers or students. The material given is given in full, without abbreviation or expurgation.

PREFACE

GUSTAV STRESEMAN was born on May 19th, 1878, at 66 Köpenicker Strasse, Berlin, in a narrow three-storied house over a small shop. His father was a retailer of bottled beer, holding a position in the beer trade which has since largely disappeared. He bought beer in bulk from the brewers—more especially the Berlin “White Beer”, once so famous, and now largely superseded by Bavarian beer—bottled it, and distributed it in the district, more especially to the workmen in the larger firms and factories, under a system of coupons for which the men could obtain meat, herring, etc., as well as their beer. At the beginning of the present century, the brewers ousted the middlemen, and established their own canteens. But when Stresemann was a boy, the business was a profitable one, and, for his position, Stresemann senior was a man of some standing and substance, well able, when his son Gustav reached boyhood, to afford him a sound education. Thus, Stresemann came from the heart of the Berlin middle-class, and his familiarity with a small business, its troubles and trials, its economic value in the national life, and, above all, his consequent respect and affection for the “small man”, was a powerful force in the social outlook of the Parliamentarian to come.

After leaving school, Stresemann went on to Berlin University, still living at home, except for six months which he spent at the University of Leipzig. His studies covered a wide field, but as time went on he found himself increasingly absorbed in Political Economy and History. His main intellectual interests were, and always remained, Literature and History, but an early, though frustrated, affair of the heart turned his mind to thoughts of a practical career, and the urgent necessity of earning a livelihood. Thus stimulated, he obtained his doctor's degree with a thesis on the development of the bottled beer trade.

After leaving the University, Stresemann cast about for a post. His first appointment, at the age of twenty-two, was as assistant in the management of the Association of German Chocolate Manufacturers in Dresden. He at once plunged into the task of inducing the small men to combine against the power of the Heavy Indus-

tries and Agriculture, with their policy of high tariffs on raw material. Thence he passed to the secretaryship of the Dresden-Bautzen Manufacturers' Association. This was soon expanded into the Association of Saxon Industrialists, with, at the outset, a membership of thirty or forty. At the end of two years there were seven thousand members, employing more than half a million men. Here Stresemann was confronted by identical problems; the industries with which he was concerned were mainly finishing industries, concerned with increasing exports and securing cheap raw material, in conflict with the Association of German Manufacturers, which, backed by the Farmers' Union, stood out for high tariffs. Ten years' hard work brought something like success to Stresemann, and gave a foretaste of the energy, optimism, and persuasive eloquence that brought him success as a statesman.

In politics, he took some time to find his place. He began by joining Friedrich Naumann's National Socialist Union, which embodied many of his ideas of Democratic Imperialism, based on social reform. But he broke with this organization on Naumann's conversion to abstract Free Trade, and attached himself to the National Liberal Party. Bassermann, the leader of the party, at once recognized his young lieutenant's abilities, and soon came to regard him as his successor. But Stresemann, true Liberal as he was, was no mere blind adherent to his Party, whose support of the Government had come to be taken for granted. He had been too deeply marked by his conflict with the great vested interests in Saxony. At the Party conference at Goslar in 1906, he called for "more liberalism, not just National Liberalism". In 1906 he had become a member of the Dresden Municipal Council, and in January 1907, mainly as a result of his speech at Goslar, he was elected to the Reichstag, as Deputy for Annaberg, at the age of 29.

Deeply rooted as were Stresemann's principles of personal and social freedom, and much as he hated domination, whether by the populace, the Crown, the Bureaucracy, or the Vested Interest, he was, in his general outlook, a typical middle-class German of his age; an ardent Imperialist, an advocate of a strong navy, and of a policy of Colonial expansion. In a speech before the German Navy League in 1907 he went so far as to assert that the future of the German people depended on the navy. His was a working-class constituency, and in spite of his liberal and common-sense attitude on all questions affecting employers and employed,

Stresemann was ejected from his seat at the elections of 1912, when the balance of opinion swung so strongly to the Left.

All through this period of political activity Stresemann had come forward as a strong supporter of the rights and powers of Trades Unions, but also of the liberty of the individual, and the equal right of the employers to organize themselves against labour unrest. But notwithstanding the bias in favour of the smaller man impressed on him by his own professional career, he never lost sight of the larger interests of the community as a whole. There is in his speeches a recurrent note of regret that the Trades Unions were founded so exclusively on a Socialistic basis of class hostility. In his own words: "The main thing from the point of view of a healthy workman or a man in the prime of life is to provide him with sufficient employment to enable him to improve his own position and that of his family"—a truly Liberal statement of faith.

In 1906 Stresemann had married Fraulein Käthie Kleefeld, of a distinguished Jewish family, daughter of a Hanseatic merchant. There could hardly have been a happier union. Stresemann was, at heart, an incurable romantic, and his contact with the world never hardened him; through all the six and twenty years of his marriage, his wife embodied his ideals of womanhood, and his devotion to her never lost its ardour. It is recorded that on one occasion, in the days of his greatness, he took an ambassadress down to dinner, who permitted herself to remark: "How beautiful your wife is looking to-night". "To-night!" replied the Foreign Minister, in tones of something like astonishment. "My wife is always beautiful." To her, too, Stresemann owed a vital obligation on a matter in regard to which, it may be recalled, another statesman, Lord Beaconsfield, had stood so deeply in his wife's debt. Both were quite incapable of managing their own affairs; and both, while pleading their frugal needs, unconsciously chose, as such men often do, the best of everything. Frau Stresemann protected her husband against the material harassments of life; she provided him with a comfortable home and dispensed the most admirable hospitality on resources that were often meagre. The fact that he never lost the forceful, genial optimism which helped him to face situations that would have broken many statesmen, and which played so large a part in his personal popularity, is not least due to his wife's care and tact and management.

During his two years' absence from the Reichstag, he occupied

himself with a visit to the United States and Canada, and with schemes for various commercial combinations that always lay so near his heart, but which, in the event, came to nothing.

In December 1914 Stresemann was elected to the Reichstag as member for Aurich, and remained in Berlin throughout the War as Vice-Chairman of the Industrial Committee. He also became virtual leader of the National Liberal Party; Bassermann had gone on military service as captain in the Landswehr cavalry, but was soon invalided home and unable to attend to business. Stresemann's heart-weakness, which helped to kill him in the end, made him quite unfit for any form of active service.

During the War, Stresemann's attitude was that of the normal patriotic but intelligent German. He subordinated, with all the usual Teutonic sense of discipline, his judgment to those appointed to guide the nation through the crisis. He supported unlimited U-Boat warfare, and there is no reason to suppose that his peace-terms would have been any less far-reaching than those outlined by Ludendorff early in 1917. But as the War progressed, he became aware that the driving power of the nation was not fully behind the authorities, owing to the warring elements in the German social polity. He became an ardent advocate of reform, particularly of the antiquated Prussian franchise, before it was too late. He realized that the continuance of the War made reforms inevitable, and the longer they were delayed the more drastic they would be. He even tried to impress his apprehensions on General Ludendorff, in whom, during the War, his faith was unbounded: but in vain. Vague promises were made by the Emperor and his entourage, but no decisive steps were taken, until the collapse of German resistance achieved the result predicted.

Apart from constitutional questions, Stresemann, with all the national sense of discipline and almost childlike trust in those possessed of authority, had already in 1917 suspected that all was not well in the councils of the nation. His own energy and self-confidence, his more than adequacy for any task to which he set his hand, his organizing power, and the single-minded resolution that sustained him, had led him to assume that those chosen to lead the nation would be similarly equipped and inspired. When the full measure of the indecision and intrigue that helped to ruin Germany was brought home to him, his disillusion was terrible. But he kept his head and his dignity, and applied himself to rescuing what could

be retrieved of his political creed from the upheavals that succeeded the Armistice.

The National Liberal Party, as then existing, broke up. A new Democratic Group was formed, which ultimately emerged as the Democratic Party, under the leadership mainly of eminent intellectuals such as Gerhardt Hauptmann and Albert Einstein. A National Liberal attempt to combine with the Progressives came to nothing, and many National Liberals joined the Democrats. By them, Stresemann's co-operation was rejected with something less than courtesy; his War record made him suspect as "Ludendorff's young man". But he was not at a loss for long; he turned to the great Industrialists, whose attachment to the German tradition, if of a somewhat cruder quality, was undoubted, and within a week, mainly by the powerful assistance of Hugo Stinnes, the German People's Party was called into being. The actual programme of the Party is of no great importance now. Stresemann meant it to be a central Party, in the exact sense of the term, embodying all that was best in the German spirit and the German past, representative of faith in the community as a whole, and constituting a political equipoise between the hostile extremes of Left and Right. It was not, as such, a Republican Party, and Stresemann remained to the end a constitutional monarchist, though he did not think it necessary to proclaim the fact. The new Party was represented in the Constitutional Assembly at Weimar by twenty-two members. In the first year of the Republic Stresemann was engrossed in its consolidation and organization; and in the first Republican Reichstag, elected on July 6th, 1920, the People's Party was represented by sixty-five members. Fehrenbach was Chancellor, Simons, Foreign Minister, and Wirth, Minister of Finance.

The problems that confronted the new Germany were mainly those connected with the payment of Reparations and deliveries in kind. The International Conference at Spa opened on July 5th. In March of the following year the London Conference was convened, in which the so-called Paris Resolutions were put to the German Delegation, and rejected. The demands were, briefly, 226 milliards of gold marks to be paid, partly by means of forty-two fixed annuities, and partly by a charge of 12 per cent on the gold value of German exports. The German counter-offer was a total of 50 milliards, apart from the deliveries already made in cash and kind, which were calculated at 20 milliards. At the second London Con-

ference Germany was presented with an ultimatum embodying a total demand of 132 milliards, 1 milliard to be paid within a month. The Reichstag rejected this ultimatum, Stresemann and the People's Party voting for its rejection. At the end of April the Fehrenbach Cabinet resigned. The so-called "Sanction Areas"—Düsseldorf, Ruhrort, and Duisburg—had been occupied on March 7th. Stresemann's activities were bringing him increasingly into prominence; he got into personal touch with the British Chargé d'Affaires and the Ambassador, apparently anticipating that he would be asked to form the new Cabinet. But Wirth, the late Minister of Finance, became Chancellor; and on May 11th the London ultimatum was accepted by the Government with the approval of the Reichstag. Payments were started and for a time maintained; but the effort of providing the needed foreign exchange produced the first beginnings of the collapse of German currency.

After the unfavourable decision of the League of Nations, in the autumn of 1921, in the matter of Upper Silesia, the Wirth Cabinet resigned, but was again reconstituted under Wirth. The People's Party did not co-operate in the formation of the new Cabinet, and there was no question of Stresemann taking office. He would have accepted nothing less than the Chancellorship. "Unquestionably", wrote Lord D'Abernon at the time, "a big man, and he knows it."

At the end of the year, the German Government announced that the payments falling due in January and February could not be made. As a result, the Cannes Conference was held in January 1922, and a moratorium granted to Germany. The situation remained uncertain throughout the following year, and in November the Wirth Government fell; Cuno, head of the Hamburg-Amerika Steamship Line, was appointed in his place, with von Rosenberg as Foreign Minister. Stresemann's hour had not yet struck, though two members of the People's Party, Becker and Heinze, joined the Cuno Cabinet.

After the Conference in London in January 1923, the French and the Belgians invaded the Ruhr, the pretext being a default in the deliveries of coal and timber. Lord Bradbury, then British Delegate on the Reparations Commission, remarked that "since in the tenth year of the Trojan war, Troy fell to the stratagem of the wooden horse, history recorded no similar use of timber".¹

¹ *Reparation Reviewed*, by Sir Andrew M'Fadyean, p. 24.

Germany's reply to this move was the policy of passive resistance, initiated in the main by the workmen on the spot, but subsequently promoted and financed by the Government. This policy was warmly supported by Stresemann on behalf of his Party. It was the natural and inevitable counter-move. The Government had no means of offering any active resistance; and they felt, and rightly felt, that acts of irregular violence and sabotage could not be encouraged, though the Nationalists did not recoil from such incitements. Nor, again, could there be any acquiescence or co-operation in an outrage on German sovereignty, the ultimate aim of which might very well be the dismemberment of the Reich.

Critics, after the event, have pointed out that the organization of passive resistance was defective and short-sighted;¹ that the suspension of deliveries in kind and the inclusion of officials and railwaymen in the conflict, flung large numbers out of employment and subjected the Reich finances to an intolerable strain. The Nationalists, moreover, contended that the support of passive resistance by the Government was at best no more than half-hearted. By the summer it became clear that the policy of passive resistance could not be continued. Though the French had hardly exploited the Ruhr as they hoped to do, and though French finances were then in a precarious state, France brought Germany to the edge of ruin. But Poincaré refused to consider any further offers from Germany until passive resistance had been abandoned. The fall in the value of German currency was catastrophic. The situation was impossible: there were threats of a general strike: a crisis was at hand: on August 12th, 1923, the Cuno Cabinet resigned.

Stresemann's hour had come; but it was in a very black hour that he took charge of German destinies. German currency was for all practical purposes worthless. The Ruhr conflict had reached a deadlock. There was constant and imminent danger of a *coup* both from the Right and the Left, as Stresemann's policy of fulfilment and compromise, and his relations with Big Business, made him suspect to the extremer elements on both sides.

On September 26th, 1923, passive resistance was abandoned. It was a bitter national humiliation. So much suffering and self-sacrifice, and such vast expenditure, appeared to have been thrown away. But Stresemann, unshakeable, as always, in adversity, managed, in spite of the increasing venom of the attacks from the

¹ Beremann, *History of Reparations*.

Right, to hold the nation and the Government together. The abandonment of this policy was at first without effect on the international situation, but was followed by open disorder in various parts of Germany, more especially in Saxony and Bavaria. There were three Communists in the Cabinet formed at Dresden on October 10th under Dr Zeigner, and their revolutionary utterances soon compelled the Chancellor to take drastic action. The Saxon Government was forcibly removed by a Civil Commissioner after all strategic points had been occupied. These measures handicapped Stresemann in his dealings with Bavaria, which was honeycombed with Nationalist intrigue. In this case, however, Stresemann preferred to play a waiting game, apart from the fact that he had some sympathy with the claims of Bavaria, provided they could be satisfied by constitutional means. Events proved him justified. There were two Nationalist movements in Bavaria, and though their aims were identical—the salvation of Germany through a Dictatorship—they were mutually distrustful: the rivals were Dr von Kahr, the General Commissioner appointed by the Bavarian Government, supported by General von Lossow, and Adolf Hitler. After the ridiculous scene in a Beer Cellar at Munich, when Hitler compelled these two gentlemen at the point of a pistol to pledge him their support, they promptly disclaimed him, and both movements collapsed. But Stresemann's influence suffered a good deal from what was felt by the parties of the Left to be unfair discrimination in his treatment of Bavaria. Their allegiance had been already severely shaken by the proposed Enabling Act, which was to give the Government power to deal summarily with various urgent economic questions, including the eight-hour day. It was generally felt that this represented the price exacted by the great industrialists for their support; there was serious dissension in the Government, and Stresemann and his Cabinet resigned on October 3rd. The Cabinet was reconstituted on the same basis, with Luther and Koeth substituted for Hilferding and Raumer, and the addition of Count Kanitz as Minister of Supplies. The Enabling Act was passed by the Reichstag with the proviso that it should not affect the eight-hour day, nor the payments under the Social Insurance legislation. But the action taken against Bavaria and Saxony proved beyond the endurance of the Social-Democratic supporters of the Government and on November 2nd the Social Democratic members resigned from the

Cabinet. Until the end of his period of office as Chancellor Stresemann governed with a rump Cabinet.

Now that public order was less imminently menaced, the measures already devised for the restoration of the currency were put into operation, and on November 15th the Rentenmark was introduced, a currency based on a mortgage of the entire resources of Germany. The restoration of the currency was really a restoration of confidence, as it is obvious that foreclosure on such a mortgage would be impossible. But the scheme was successful, and a sound currency was re-established and maintained. The old paper marks were withdrawn at 18.4 *billion* to the pound sterling.

Stresemann had always held a constitutional monarchy to be the type of Government best suited to the German people. Though he had never forgotten the ex-Kaiser's insolence towards himself and Bassermann on the occasion of their visit to Kiel, for the Crown Prince he had a positively sentimental regard, visited him at Wieringen at grave risk to his political reputation, and found in his features an increasing resemblance to Frederick the Great. Lord D'Abernon records¹ that in Stresemann's opinion, the Crown Prince's partiality for horses and women was hardly blameworthy in a Prince. It was by Stresemann's instrumentality that the Cabinet was induced to agree to the Crown Prince's return to Germany, in the teeth of the most violent opposition abroad.

On November 23rd the Stresemann Cabinet fell, on a vote of confidence, mainly as the result of an aftermath of resentment on the part of the Social Democrats against the action taken in Saxony.

Stresemann's Chancellorship had been a stormy hundred days, from which the element of personal danger was never absent. The murders of Rathenau and Erzberger had shown to what lengths the Nationalists were prepared to go, and Stresemann's life appears to have been attempted on at least one occasion. Stresemann's Cabinet did not fall because it had failed: it fell because his Socialist supporters, who would themselves have probably been reluctant to bring him down, had to obey the dictates of the extremer elements in that Party. He had, for the time being, maintained the balance between the warring elements of the Right and Left. He had met and, to all appearances, overcome the very real peril of a dissolution of the Reich, which was threatening both in the Rhineland and Bavaria. He had preserved public order. And he had restored the

¹ *An Ambassador of Peace*, vol. ii, p. 267.

currency. He has, indeed, constantly, been charged with opportunism. As head of a Coalition Government he naturally had to adjust himself to events, though it is hard to see where he made any real sacrifice of principle. As head of the Government of a defeated people, now struggling once again for recognition among the comity of nations, he naturally had to snatch advantage for his country, as and when he could. Stresemann never tried to evade facts. He realized that his country had been defeated and must pay the usual price for defeat: though it was his business to secure the best terms he could. He exclaimed against the absurdity of what he called "rattling an empty scabbard". And, in the interests of the nation, he was anxious to get the economic life of the country under way again as soon as possible.

To the jaundiced Nationalist he stood for the "policy of fulfilment", the admission of defeat, and the sacrifice of Germany's self-respect by seeking loans abroad. One of the ablest of his Nationalist opponents, Count von und zu Reventlow, speaks of "his international ideal and his international outlook": his "outer and inner proclivity towards Internationalism and world capitalism, his want of feeling and understanding for the idea of a free Germanism and its necessary foundations, his relations with Jewry, and his adherence to Freemasonry". And he roundly accuses Stresemann of "deliberate cunning" and of using his country's extremity in the service of his own career. There is little in such accusations beyond the malignant self-isolation of narrow natures in defeat. The suspension of passive resistance in the Ruhr was inevitable, and Germany was fortunate to find a Chancellor with shoulders as broad as Stresemann's to bear the odium of its abandonment. Stresemann certainly supported its inception—though never very hopeful of results—no German could have done otherwise: but it is futile to describe common sense in the face of failure as inconsistency.

The distrust of him felt by his adherents of the Left is, on the surface, at any rate, better founded. He did treat the Nationalist elements in Bavaria with greater leniency than the Communists in Saxony: and it was no doubt true that he was strong enough to apply force to Saxony, but not to Bavaria. The Enabling Act did give the Government wide powers over organized labour and economic life in general, notwithstanding the limitations imposed when the law was passed: and the Socialists disliked and distrusted

the People's Party's connection with Stinnes and the great Industrials. Stresemann's position had been a delicate one. His aim, as Chancellor, and as a statesman, was the stabilization of conditions generally, in the interests of the community as a whole; and to ease the economic situation through the intensification of production by any means that the nation could be induced to accept. The aims of the Industrials were identical. But, as Lord D'Abernon observes: "In a man as deeply engaged in finance as Stinnes, it is vain to endeavour to isolate the patriotic interest from the personal. Such a man, even if inspired by the finest patriotism, must incline to favour the course that suits his book. He is unlikely to consider it a patriotic duty to lose money." Stresemann's efforts, therefore, were suspect to the Right, as subservient to the great Industrialists, and still worse, to international financiers; and to the Left, as representing increasing regimentation of labour.

At the beginning of November Dr. Marx was entrusted with the formation of a Cabinet, which, in the event, consisted mainly of the personnel of Stresemann's last Cabinet, with Stresemann himself as Foreign Minister, a position which he held in all successive Cabinets until his death. The situation was still ominous of trouble. In particular, notwithstanding the cessation of passive resistance, there was no alleviation of conditions in the Ruhr; nor, by Poincaré's policy, was any mitigation proposed, until the Reparations question had been brought to a settlement.

As far back as December 1922, the American Secretary of State, Hughes, in a now famous speech at Newhaven, Connecticut, had suggested that the Reparations problem should be removed from the sphere of politics and put before a commission of experts, who should consider it solely from the point of view of Germany's capacity for payment. Throughout 1923 this idea had been gaining ground, even in France. The exploitation of the Ruhr had proved but barely profitable, the franc was showing a downward tendency, and Poincaré was ultimately induced to agree to the appointment of the Commission, under the chairmanship of the American, General Dawes, which visited Germany early in 1924. In the meantime, however, the Nationalists had become restive: the Reichstag was dissolved, and a general election held. The Parties of the Right gained substantial ground. But the situation was considerably eased by events in France. At the elections of May 11th Poincaré was heavily defeated, and Herriot, at the head of the Left

Block, Briand's Republicans, and the independent Radicals, took his place; and it was Herriot who represented France at the London Conference in August. The German delegates were Marx, Luther (Finance), and Stresemann; but the outstanding personality was Stresemann, who here made his first contact with Allied statesmen, and established a position for himself that he never afterwards lost. The tortuous progress of the negotiations is displayed in detail in the documents contained in this volume, and it will be seen that the result was a solid success for Germany, though, in point of fact, the Allied negotiators, not excluding Herriot, were really very ready to give Germany what she wanted. Herriot's apparent vacillations were due to the difficulty of finding formulae that would be generally acceptable in France. Stresemann saw his opportunity and took it. He made it clear that Germany could not raise the money required for Reparations unless the Banks were satisfied as to their security; and then left it to the Banks to settle with the French. It was, as a consequence, agreed that the Ruhr should be evacuated within the year. But what, perhaps, was of equal importance with the material results achieved was the formal recognition of the Germans at the Council table; the London Conference was the turning-point that led to the restoration of relations of sanity and self-respect between victors and vanquished.

Stresemann was an able negotiator, and though his forcefulness and self-confidence often annoyed and disquieted those who knew him merely from brief encounters, his colleagues at the council table soon acquired a real admiration for the man himself, and learned to trust him implicitly. His appearance was, indeed, hardly in his favour. Mr Asquith is recorded to have warned Sir Austen Chamberlain against him as a "typical Junker". A strange misnomer. Nothing could have been more remote from the gaunt, semi-Slavonic Pomeranian type than Stresemann's genial, bulky form. He was, in outward aspect, a typical Berliner of the lower middle class, and possessed many of the appropriate propensities. He was social, he was romantic, he loved talk and *littérature*, a good dinner and a good glass of wine. He was a man of plain and homely piety, and his attendances at church during the London Conference seem to have given rise to the most fantastic suspicions of his sincerity. The physical form of the man did indeed belie him. He had had to pay the penalty for overwork, late hours, and want of exercise (an occupation that he could never be brought to under-

stand); and for several years he had suffered from kidney disease. "A finely cut mouth and shapely nose soon disappeared beneath watery, bloated skin. The cheeks, whose ruddiness was deceptive, had compressed the expressive eyes. But the hands revealed what, in the beginning, nature had meant to make of him. An Englishman, who was a close observer, says: 'They were white and small and delicate like those of a beautiful woman.' And the voice, clear, sharp, and penetrating like a trumpet. . . ." ¹

Stresemann was not a good judge of human nature, and it may at first sight seem anomalous that he should have been so adept in negotiation and debate. He had indeed a marked gift of eloquence, and of lucidity in exposition; but his real effectiveness was due to an endowment that lay deeper in the springs of his character. One who knew him well writes: "Much more important in helping him to the position that he won for himself was his marvellous power of influencing men, which he mainly exercised in an interview *à deux*. His method was the simplest imaginable. The moment he sat down opposite a man, he was no longer confined within his own personality, he felt himself into the other man's mind and feelings with such amazing accuracy that he could follow the most unusual trains of thought as quickly as if he had been familiar with them for years. He could thus forestall objections, and so startle his interlocutor by his intuition, that the latter found himself strangely disposed to reach agreement. He was no psychologist in the ordinary sense, since, as has already been explained, his inveterate faith in human nature, his unlimited confidence, distorted his view; but his sudden flashes of capacity for self-transference into another's mind gave him moments of uncanny clarity of vision such as scarcely any statesman has possessed before him.

"To Stresemann, every conversation involved something in the nature of a cleavage of his personality. He thought simultaneously for himself and for his opposite number, and often, in impatience at his adversary's stumbling efforts, he would state his arguments for him and then proceed to demolish them with the same particularity with which he had set them forth. There was nothing premeditated, sharp, or sinister in this power of entering into another soul. It was accompanied on his part by an utter candour—it was as though all the doors had been thrown open so that the other could speak with perfect freedom and unconstraint. This candour,

¹ *Stresemann*, by Rudolf Olden, p. 172.

averse from nicety of phrase, and not shrinking from criticism, indiscretion, or outbursts of temper, got the two men into touch, and the effect was strengthened by Stresemann's strongly expressed sense of humour, his disarming smile, and his delight at a telling phrase.

"The secret of his success on the political stages of Europe, in Locarno, Geneva, Paris, and London, is to be sought in this almost indefinable faculty; in this kind of momentary identification with a strange or even hostile individuality, without, however, the smallest sacrifice of his own point of view."¹

Stresemann returned from London with weighty achievements to his credit, though he had not found an opportunity to make his pledged pronouncement on the "War Guilt Lie". His failure to do so then, or subsequently, was much canvassed against him by his opponents, and his explanations do indeed seem a trifle disingenuous. It is hard to conceive that he did not realize that an ebullition on this matter at that moment would have gone far to dissipate the good relations that had been so fortunately established.

The laws needed for the implementation of the Dawes Report were duly passed by the Reichstag on August 29th, and Stresemann retired to Norderney for a holiday.

In the autumn, the Chancellor's attempts to form a Government on a broader basis having failed, the Reichstag was dissolved on October 20th. As a result of the subsequent elections, the extremer elements on both sides lost ground. Stresemann was asked by the President to form a Government, but failed, owing to the refusal of the Centre Party to join a "Middle Class" Government. On January 15th, 1925, Dr Luther formed a Cabinet, which, for the first time, contained members of the German National Party, three in number.

The situation was now considerably eased. The Reparations question had been, if not solved, at any rate settled, and settled by agreement and not by force: the German Nationals had ceased their merely obstructive policy, and consented to take a share in the responsible work of government; and the French had been as good as their word in the matter of evacuation. Stresemann was thus able to set his hand to the major problem of his life: the mitigation and ultimate removal of the age-long antagonism between French and German. In this, the initial problem was that

¹ *Stresemann*, by Antonina Valentin, pp. 26-27.

of security. Through all these negotiations Stresemann was in close touch with the British Ambassador, Lord D'Abernon, with whom his relations were, and had been from the outset, extremely cordial. It so happened that Augustus John was painting the Minister's portrait at the time, and it was during the sittings that the preliminary discussions took place which led to the Locarno Pact.¹

The first tentative and unofficial enquiries met with no very favourable response, but on February 9th, 1925, a formal Note was despatched to Paris suggesting a mutual guarantee by England, France, and Germany, of the post-War Franco-German frontier against aggression on either side. Herriot locked the Note up in a drawer, and Chamberlain, to whom the contents of the document had been made known, described it as "unwise and premature". Stresemann, though chagrined, persisted, notwithstanding the fact that the election of Hindenburg to the Presidency had again set the tide of popular opinion abroad against Germany. On April 10th Herriot was overthrown just as he was about to reply to the German Note, but with the advent of Briand to power the situation began to clear, and Chamberlain's opposition was overcome. In October, the German, English, and French Foreign Ministers met at Locarno, and they met on equal terms. In December the Pact of Locarno was signed in London.

These proceedings had been very distasteful to the Nationalists, who withdrew their Ministers from the Cabinet: Luther resigned, and the Cabinet was reconstituted without Nationalist members. This Cabinet was not destined to endure. In May 1925 the Government rashly decreed that the Republican flag as well as the old National colours should be flown over Embassies and Ministries and Ports of Call. The resultant storm swept Luther away, and Marx once more took his place.

¹ Lord D'Abernon writes (*An Ambassador of Peace*, vol. iii, p. 15): "The advantage of the occasion as compared with an ordinary interview with the Chancellor resided in the fact that for the purpose of the portrait he was compelled to maintain immobility and comparative silence . . . his lively intelligence and extreme facility of diction inclining him to affect monologue rather than interchange of ideas. Things fell out according to plan. After a sentence or two on the subject of international conciliation, Stresemann naturally wished to interject considerations of his own. . . . But Augustus John protested and imposed artistic authority; I was therefore able to labour on with my own views without interruption. A symbolic group might be designed: 'Diplomacy assisted by Art'."

1926 was a year of further progress in the stabilization of European relations. There was indeed a sharp passage of arms between Stresemann and Mussolini, in regard to the treatment of the German-speaking minority in South Tyrol; and the Italian Premier's peevish outburst contrasts but poorly with Stresemann's polished sarcasm, a gift with which he was by no means ill endowed. The so-called Treaty of Berlin with Soviet Russia aroused a good deal of misgiving abroad, but the effects of it were assiduously mitigated by Briand and Lord D'Abernon. The outstanding event of the year, however, was the admission of Germany to the League of Nations, an obvious corollary to the Pact of Locarno. The original negotiations in March were in fact frustrated by the recalcitrant attitude of Brazil and Poland, which both demanded permanent seats on the Council, and the German Delegation retired rebuffed. But by September these difficulties had been overcome, and Germany formally joined the League, the occasion being marked by due solemnity, and great oratorical efforts on the part of Briand and Stresemann.

While at Geneva, Stresemann saw an opportunity of getting into even closer touch with Briand, and making more rapid, if informal, progress in the pacification of Europe. Stresemann, as has been seen, had something like a genius for *tête-à-tête* diplomacy, and though Briand was probably an even more redoubtable antagonist than the German, the two men were now on such genuinely cordial terms, that it was felt a confidential talk might clear the air. Each accompanied by one secretary, they eluded the emissaries of the Press, and over a remarkable lunch, which has passed into history, at a wayside inn at Thoiry, they discussed the future of Europe. Both were practical men, and men of good-will, and they knew that the only way to salvation lay in the removal of the wreckage of the War as rapidly as international prejudice would permit. The broad outlines of the discussion at Thoiry soon became known, but Stresemann's own note of the interview, published in these volumes, is the first authentic account of it. Briand led the way: and his proposal was that the occupied territory should be evacuated, the Saar handed back to Germany, and military control withdrawn in return for a large sum of money to be forthwith placed at the disposal of France by the marketing of the State Railway bonds. But these two sanguine statesmen had advanced too fast, and too far. Briand was unable to carry his Cabinet with him, especially as

it was questionable whether so large an amount of bonds could be profitably placed on the market at that time. Moreover, Stresemann, in a speech addressed to the German colony at Geneva a few days later, was so far carried away by his optimism as to touch upon the fatal questions of "War Guilt" and "Colonies". The French Press was up in arms at once; and the conversations at Thoiry remained without result. Briand, who felt that his opposite number had gone considerably beyond his book, relapsed into obdurate inactivity. It was a set-back on which Stresemann brooded until the end of his life. In the period that followed, his foreign policy lost its clarity and energy, and shows unmistakeable signs of vacillation between France and England.

On December 17th of the same year, the Marx Cabinet which had for some time been insecure, fell, and the Nationalists again entered the Cabinet, with Marx once more as Chancellor.

In March of the following year, Stresemann, whose health now began to show serious signs of strain, presided as Chairman over the Council of the League. Little progress was made in the matters that lay nearest his heart, but he soon acquired a position of great popularity and influence at Geneva. Without prejudice to the international problems still awaiting solution, the Germans were frankly and freely recognized as full and equal colleagues. Stresemann, naturally the most genial of men, expanded; his voice lost its stridency; his addresses, no less forceful than ever, were relieved of the incessantly defensive note, and distinguished by an added breadth and tolerance. In the evening, when the labours of the day were over, Stresemann, always—as the phrase goes—a good mixer, would go down to the Café Bavaria, and there discourse at large and at ease, and without the smallest loss of dignity, to all who cared to hear. This to the no slight detriment of what remained of his health: Briand, who went back to his hotel at nights, reproved his colleague for what he called his "Calvinistic conviviality". Prince Bülow, no mean judge, wrote of him: "He is the most notable figure of the new Parliamentary Germany, and as Foreign Minister has shown qualities that have extorted the respect of the foreigner. His conception of the national dignity is clear and simple. It is rooted in his own character. Each of his opponents in negotiations has to reckon with it as an important factor. In Geneva he won sympathies which are not lightly to be esteemed."¹

¹ *Stresemann*, by R. Olden, p. 196.

During the latter part of 1927 there had been difficulties in Germany over a highly controversial subject not unknown in other countries—religious instruction in State-aided schools: and in February 1928 it became clear that the Coalition Government could no longer be carried on. The President dissolved the Reichstag. The main outcome of the elections was a considerable increase in the Socialist and Democratic vote; and a Cabinet was formed accordingly, with Hermann Müller as Chancellor.

Stresemann's life was running out. He was a very sick man and in constant need of rest and treatment. He had been strongly urged by his doctors to abandon his political career and seek refuge in a more suitable climate. He could have earned large sums by journalism and by writing his memoirs; he had largely dissipated his savings in the inevitable expenditure of public office, and the claims of his family might well have been considered urgent, for he knew his life was in danger. But he held on, and continued as Foreign Minister in Hermann Müller's Cabinet.

In August 1928 the Kellogg Pact, repudiating war as an instrument of policy, was signed in Paris; and Stresemann managed to attend the ceremony, under the strict care and observation of his doctors, though neither he nor Briand regarded it as much more than a sentimental gesture. But it had been an old ambition of his to see Paris, and he was pretty well aware that this would be his last opportunity of doing so. He met his arch-antagonist Poincaré, and the two statesmen indulged in a brief but not unfriendly diplomatic sparring match.

From Paris he went to Baden-Baden for a cure, and Müller took his place at the September meeting of the League Council.

In October the Cabinet decided to ask for the appointment of another committee of experts as a preliminary to a final settlement of the Reparations problems, and a conference began in Paris in February 1929, under the chairmanship of Owen D. Young. The Young Plan was agreed in June and preparations made for a final assemblage to discuss and ratify the ultimate arrangements. On July 26th Poincaré resigned and Briand formed a Cabinet; and on August 5th the German delegation, under Stresemann's leadership, left for the Hague. Agreement was reached by the end of the month, and provision made that the evacuation of German territory should begin at once, and that no foreign troops should be left on German soil by June 30th, 1930, at the latest. Thus Stresemann lived to see

the object for which he had striven so long within measurable distance of fulfilment.

At this conference Stresemann was a very sick man, and only his tremendous spiritual energy kept him from collapse. "On one occasion", an observer records, "he had to retire to lie down. In his absence, his colleagues gave away a point which he had been bluffing; this was reported to him, and in a few minutes he was back at the conference table, and made a masterly and forceful speech. It was as if he had risen from the dead, and the effort that it cost him won such sympathy as to facilitate agreement."

The Hague Conference was his last political activity. He went to Geneva, and on September 9th delivered his last speech before the Plenary Council of the League. It was, as all who heard it realized, the speech of a dying man. In the night of October 3rd he had an apoplectic stroke, and died in a few hours without regaining consciousness.

The public expressions of regret at Stresemann's death were very striking in their spontaneity and sincerity, and revealed not merely respect for his political achievement, but, among those who had known him personally, a real regard and admiration for the man. "*Je l'aime bien le Docteur*", Briand had said in Paris, as he anxiously watched the already stricken figure walking painfully down the staircase at the Palais d'Orsay. And it was a feeling shared by many. An astute and able statesman, a man of weight and learning, he never lost a certain element of boyish gaiety that made him pre-eminently lovable. And his frank enjoyment of the good things of this world, and of the simpler pleasures of life, and his abiding love of the younger generation, stamped him as a man and a brother.

Stresemann's policy has always been described as "a policy of fulfilment". His aim—and all the more so as a Liberal—was the welfare of the community as a whole, and the re-establishment of Germany as a moral and political force in Europe. The onus of the Nationalist charge against him was that he acquiesced in the application of a treaty that had been imposed upon Germany, contrary to the principles upon which the Armistice was agreed—the *Diktat* of Versailles, in Nationalist phraseology; that he sacrificed the national self-respect by entering into agreements with enemies whose aim was, or at any rate had been, the humiliation and even dismemberment of Germany; that he endangered Germany's

financial independence by seeking loans abroad; that he preferred economic interests to the claims of patriotism; and, finally, that his political manœuvres showed him to be a trimmer and an opportunist, and a man of scarcely scrupulous personal ambition.

Ambitious Stresemann certainly was; no politician, other than a member of a governing class, can afford to be otherwise. Love of the Great Game, as Disraeli called it, is one of the driving forces in politics, and Stresemann had it to the full. But of want of scruple he could hardly be accused. His attitude towards his predecessor in the Chancellorship, Cuno, was no more than the impartial attitude of one who felt—as was perfectly true—that he could fill the post to better advantage. Again, by political manœuvres not uncommon or discreditable in a multi-party system, he could have maintained himself in office as Chancellor, at any rate for a time, but he declined to use them; nor, subsequently, would he risk the formation of a Cabinet when the omens were unfavourable. There is, at first sight, more evidence for a charge of opportunism, but it is really based, apart from admissible political necessities, upon a misconception of Stresemann's standpoint in politics. Stresemann was the essential Liberal; while maintaining certain broad principles as the foundation of organized human society, he stood for no one class as against any other, but for the community as a whole. He could, therefore, and he did, without sacrifice of principle, seek alliances where they were offered: he built up his own Cabinet on a working arrangement with the forces of the Left, and he was early in urging that the Nationalists should assume responsibility by taking a share in the Government. The main outlines of his policy remained steadfastly before him, though he was never afraid of altering his method of approach or abandoning an untenable position. It was foolish to taunt him with the suspension of passive resistance in the Ruhr, after having advocated it in the first instance. No other policy was practicable at either juncture. Stresemann could always face facts. He was singularly free from the sentimentalism and pedantry that have too often blinded his fellow-countrymen to the real aspect of affairs.¹

¹ Since the publication of Stresemann's "Papers" in Germany some controversy has been aroused by the use of the word "finassieren" in a letter to the Crown Prince, dated September 7th, 1925: his remark being that the policy of Germany should be one of "finesse and the avoidance of major decisions". It

As to the main direction of his policy, the Nationalist point of view did no doubt represent a genuine divergence of opinion. It was possible for a German to hold that Germany had been so deeply injured and betrayed in the matter of the terms of peace that any traffic with the enemy would be humiliating: just as an individual, abused beyond endurance, and lacking the means to retaliate, may conceive it due to himself to retire from the contest. This is a very human attitude, but it ignores the fact that, in the meantime, the nation, like the individual, must live, and, to do so, must in some measure come to terms with its environment, with as little loss of dignity as possible. Such was Stresemann's view of his task. He was, indeed, entitled to ask the Nationalists what would have been the result of their policy of obdurate self-isolation and non-compliance, unbacked by force. Speculations as to what might have happened are scarcely profitable. Count Westarp, one of the most prominent Nationalists of those days, speaks of their policy of "recovering their freedom by their own strength". It is, or it was then, little more than a phrase. The Germans, poor psychologists at best, never realized the fervour of the indignation they had aroused. In the first bitterness of victory, the Allies were not disposed to hold their hands, and there can be little doubt that Stresemann's policy, and his perseverance and ability in its fulfilment, saved Germany from dismemberment, chaos, and ruin.

Stresemann's early death was a sore loss to his country, and to Europe. A man of first-rate character and quality, with that faith in human nature and human freedom without which no great political work can be achieved, he was great enough to ride the storm of cruder passions which defeat had engendered in his distracted country. Chancellors came and went, but for the time of his service, Stresemann was Germany. He brought his country back into the comity of self-governing nations and laid the basis

has been suggested that this implies conscious duplicity on his part and a readiness to enter upon engagements that he did not intend to fulfil. The word will hardly support such a charge, to which, indeed, the man's whole character is eloquent refutation. Stresemann naturally made the best bargains he could, and as few of them as he could, preferring to await the logic of events: but there is nothing to show that he did not intend to stand by his pledges. And to contend that Stresemann was deliberately paving the way for the present revival of force seems more than perverse. His own son Wolfgang has lately testified to his father's passionate desire for a permanently guaranteed peace and the organised union of Europe.

for its re-establishment as a great power. If, for a time, control has now passed to men of narrower vision, his six years' achievement, and the memory of a great and generous personality, will remain profoundly marked on the history of Europe.

ERIC SUTTON

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INTRODUCTORY
A FRAGMENT OF AUTOBIOGRAPHY
AND
EARLY POLITICAL CAREER

EARLY YEARS

[A FRAGMENT OF AUTOBIOGRAPHY: BY STRESEMANN]

IF it is true that the boy is father of the man, a special importance attaches to the youthful impressions of those who make their way into great positions. In German public schools there was an old custom that the boys about to leave should, when they took their final examination, submit a scheme of their future career, a "*curriculum vitae*". Gustav Stresemann's "*curriculum vitae*", when he was about to leave the Andreas-Realgymnasium in Berlin, did not contain—as might have been expected from the course of his career—an intention to devote himself to the study of economics and political science; his definite purpose was to devote himself solely to the study of literature and history.

Schopenhauer's observation, that those who take a special interest in literature are commonly bad at mathematics, but good at composition, was indeed exemplified in Stresemann's school career. "Unsatisfactory" in mathematics was counterbalanced by "Very Good" in German subjects; and after an essay of his, as a Fifth Form boy, on the significance of the eighteenth century in Prussian and German history, had been warmly praised and approved by the master, when he reached the Sixth he was often given subjects that were rather above the capacities of the other boys, and, as testified in a report on his essay in his leaving examination, he was not unequal to the deeper implications of his theme. As a result of the beneficent influence of that excellent pedagogue, Professor Hamman, and the admirable teaching of his history masters, who tried to animate their pupils' love of history and not to bury it under a mass of dates and detail, the seven lads who left school in 1897 were known as the "historical" generation—so called because they were particularly distinguished in history and in German composition. Between the strongly religious, highly orthodox, but thoroughly tolerant Professor Hamman and his pupils there must have been a certain amount of conflict in class upon matters of religion. In his *curriculum vitae* Stresemann emphasizes the fact that he had attended a meeting of the Protestant Association and took his stand

upon a free liberal Christianity, expressing the opinion that a rigid system of dogma was not likely to advance the cause of the Evangelical Church. Professor Hamman, on bidding him farewell, touched with infinite tact on the somewhat defiant attitude of a lad who saw fit to revolt against the official creed when he was but leaving school; he pointed out that there were many ways to salvation, and spoke of those bright spirits of Goethe's realm who struggle and aspire and may hope to have a part in the final reconciliation.

His schooldays, on which Stresemann loved to look back, left him with the desire to study philosophy, history, and literature, with vague ambitions in the direction of philology. In his boyhood at home as the youngest son of the family, and in a life that left little time for leisure and intercourse between parents and children, books were his main resource. Such as came into his hands—from his grandfather's library—made a lasting impression on him; indeed a now almost forgotten *Life of Napoleon*, by Adolf von Berg, first brought home to him the vicissitudes in the life of one of the great ones of this world, and aroused an interest that never faded. There were also books dealing with the wild times of 1848, such as *Kinkel's*¹ *Defence before the Assizes at Bonn*, by Karl Streckfuss, the verbatim report of the Waldeck² Case, pamphlets of the time in celebration of Waldeck's acquittal. These were his first political impressions. When a recent character sketch of him in a democratic journal mentioned that Stresemann had quoted Dingelstedt³ and Herwegh⁴ in a speech to the German Navy League because he liked introducing apt quotations into his speeches, the author of the sketch little knew that Stresemann's familiarity with such verse was due to the impressions of his youth; whole sentences and poems from that time of storm and stress were stamped so indelibly on his consciousness that they were still vivid in his mind and he could quote them at will.

The ideas of power and freedom, so prominent in a collection of

¹ Poet and dramatist, deeply implicated in the 1848 revolutionary movement. His speech in his defence, a famous piece of revolutionary eloquence, procured his acquittal.

² Prussian politician, and one of the leaders of the extreme Left in 1848. His acquittal on a charge of high treason supported by forged evidence was one of the *causes célèbres* of the time.

³ Poet and dramatist, 1814–1881.

⁴ Lyric poet of the revolution, 1817–1875.

speeches delivered during the War, were no casual element in Stresemann's political development. The strongest influence on the future politician was the conception of a national, democratic, and at the sametime free view of life such as found expression in '48 in the spirit of the Church of St. Paul.¹ In the mind of the young Stresemann, Liberalism was the champion of the German fleet, of German unity, and of German greatness. Before his eyes stood the democrat Konrad Kraetz, who, when in exile from his native land, wrote that marvellous poem "To Germany", an expression of his yearning that Germany might become the greatest land on earth; just as Georg Herwegh in his "Song of the Fleet" and his "Rhine Wine Song" expresses ideas that many, who call themselves Democrats to-day, might well regard as Pan-German. Added to which, Stresemann, at a time when the mind begins to be very receptive of impressions, saw the gradual crushing out of the middle class exemplified in the vicissitudes of the family business—the destruction of the independent retail trade in bottled beer by the expansion of the great breweries, which absorbed it on their own account; and this experience very likely lay behind his economic point of view, which was never that of the vast trade organizations, and always recognized the necessity of an active industrial and commercial middle class.

It was natural that, on leaving school, a lad whose mental life was so completely absorbed in a Germany that had become historical, who in his imagination accompanied Fritz Reuter² to the fortress, and had seen Kinkel and Gottfried Schurz³ fly from their native land, and, in the novels of Spielhagen that he so eagerly devoured, had experienced all the conflict between the old world of the '48 and the new world of Bismarck, should, when he became a student, seek some sphere where he could indulge these ideas and meet with those of like opinions. It was natural that his mind should turn to the Students' Associations.⁴ But, in that interval, these Associations had undergone much change. Some of their members had taken part in a reception of the anti-Semite

¹ The first National Assembly was held in the Paulskirche at Frankfurt in 1848.

² Poet, 1810–1874. Involved in revolutionary movements of the first half of the nineteenth century.

³ Revolutionary politician: fled to America, where he became eminent in the political life of the U.S.A.

⁴ "Burschenschaft": Students' Association founded in 1815 for patriotic purposes in opposition to the "Corps".

agitator, Rektor Ahlwardt, who had been escorted in solemn procession through the Brandenburg Gate by various students' corporations. The ancient tradition had been superseded by an undue respect for outward forms. Social evenings tended to become convivial rather than studious, and there was a general feeling among the students that a wave of reaction had transformed the old Associations into what were really no more than Corps of the second rank. A counter-movement had grown up within the ranks of the Associations themselves, which found expression in the Tivoli speech of the Geheimer Sanitätsrat Dr Konrad Küster, a former member of the Frankonia in Bonn. It did not at that time make much progress within the Association, but the call for reform led to the foundation of the associations federated under the title—German Students' League, and in the early days of their existence also called Reform Associations. In the Berlin Association of the League, the Neo-Germania, a small, but active and compact group, keeping in constant touch with the members of the League both past and present, exercised at that time the greatest influence on the further development of the movement. By the agency of one of the old members of the Neo-Germania, Dr Martin Kriele, whose profession was trade, though his hobby was literature, the young student was induced to alter the scheme of his career and make political economy and not literature the main employment of his future life. The example of Dr Kriele, whom he greatly respected, showed how a man could combine devotion to a profession with a love of literature in leisure moments.

Stresemann studied political economy in Berlin under Wagner and Jastrow, and subsequently in Leipzig under Bücher, attended lectures on finance, political science, international law, history, and literature, and found himself concentrating more and more on political economy. The vital questions of the present were constantly before his eyes, as when the aged Wagner fulminated in his lectures against the large shops and urged the students to buy what they needed for Christmas from the independent tradesman, and not to take refuge in the great emporia; or when Professor Bücher, who had himself begun life as a journalist, unburdened himself on the theme "Press and Political Economy". Sometimes, too, the fiercest conflicts were brought home to the young student, as when Professor Reinhold was appointed to Breslau and greeted by the students with hisses, or upon the occasion of the great

fight between Freiherr Stumm and Professor Wagner, which took place outside the lecture-room door.

The conflict of points of view soon found its way into the Association. About the end of the third term the Neo-Germania chose its young member as "Speaker" of the Association, and in so doing placed the leadership in his hands. With the liveliest enthusiasm he devoted himself to the affairs of the Association, and he took special pains to introduce certain needed reforms into the students' way of life; in particular he re-established the evening discussions in their pristine importance. The first address that he delivered at one of these evenings was on the subject of More and his Utopia. About the same time, too, the jubilee celebrations of the '48 served to suggest reflections on the past and present. The question whether the Association should lay a wreath on the graves of the victims of those days was hotly debated, nor was it possible to reach agreement on the point. However, the young student, so immersed in the memories of his youth, who, as we have seen, looked upon the movement of '48 with quite other eyes than most of his fellows, insisted that those who shared his attitude should be allowed to lay a wreath with the inscription: "To the champions of Freedom, Honour, and Fatherland. Fifteen German students." Not long ago the *Welt am Montag* reported this ceremony under the rather neat headline, "The blossoming of sins now dead". If the writer of that notice had been present at the address which the then leader of the German People's Party delivered in connection with the seventy-fifth anniversary of those events, on the Church of St. Paul at Frankfurt and its meaning for the present age, in which he set forth his fundamental attitude to these questions, and once more insisted that, in his opinion, the way to German unity led from the Pine Tree inn at Jena¹ by way of the Church of St. Paul at Frankfurt to the Empire of Bismarck, and compared Gottfried Kinkel's remark to his judges that "the unity of Germany was only to be achieved by the sword", with Bismarck's phrase about a policy of blood and iron, there could have been no question of any change of attitude; in the noontide of his life he held the same views as those for which he had fought so eagerly in his student days.

¹ The University of Jena was the original home of the "Burschenschaften" or Students' Associations, which did so much to foster the idea of German unity, and the ideal of political freedom.

Many questions that are now matters of public concern and political controversy were as keenly contested then as they are to-day. The Students' League did not then represent the racial principle, and the Berlin Association in particular had a number of Jewish members in its ranks. At the moment when Stresemann had assumed the office of "Speaker" a powerful anti-Semitic agitation broke out in the Neo-Germania. In meetings that lasted far beyond midnight the question was hotly debated; the youthful Speaker then prevailed over his colleagues not to abandon their traditional principle that there should be no subservience to the racial attitude in this matter, but to maintain the standpoint that everyone who by his character and his patriotism offered a guarantee that the thoughts and feelings of the League were his, should not be excluded; and this attitude came later on to be embodied in the programme of the German People's Party.

Stresemann's career at the University of Berlin, and his assiduity in the affairs of the League, led, through his acquaintance with Dr Küster, to his first journalistic activity. In his efforts after reform Dr Küster had founded a body called the German Academic Union which was represented by a fortnightly organ entitled *The German University Journal*. He believed he had found a useful collaborator in his young colleague and entrusted him with the editorship, which the lad of nineteen gladly undertook. Shortly afterwards, however, his name had to cease to figure in the paper as responsible editor, as he was reminded by a friendly visit from a police official that, by the Press Law, for that office a man must be of age. In point of fact, however, he and he alone conducted the paper; in his editorial notes he not merely dealt with the questions that stirred the student world, but touched on larger and more general matters, disporting himself on ground that had been familiar to him since his schooldays, and finding his old essays in composition very useful material for his articles.

From Berlin he went to Leipzig, so as to prepare himself gradually for his examination; there he became Speaker of the Suevia Association, until he had to lay down this office in his last term, in view of his approaching examination. In Karl Bücher's class, in which a great deal of intensive work was done, his first efforts were devoted to the currency question, and dealt with the influence of silver production on this problem. The much discussed theory of gold and silver currency, or bimetallism, was discussed in this essay; but his am-

bition to write a comprehensive theoretical treatise for his doctorate was never accomplished. Professor Bücher always laid great stress on the fact that those of his students who had practical leanings should express them in their work by taking up the study of some point in practical economic history. Thus it came about that one of the Professor's class wandered up and down the Brühl in Leipzig trying to acquire information about the development of the tobacco trade. Another, who was connected with the textile industry on his father's side, composed a work on the subject. An Armenian, who took his doctor's examination at the same time as Stresemann, wrote on the development of trade in Armenia; while Stresemann himself was instructed to write a sketch of the development of the bottled beer trade in Berlin as a contribution to a practical middle-class policy, and an example of the extrusion of the middle man by the producer. As this work did not occupy his full time, he published in the *Journal of Political Science*, while still a student, a study of the rise, development, and economic significance of the great stores; thus, in all his work at that time he was plunged in the practical questions of the day, though with party politics he had nothing to do. In all his student days he only took part in one political meeting—a propaganda meeting on behalf of German naval policy, inaugurated by the students and wrecked by Social Democrats; for the rest, he lived and moved in the ordinary student world, and in spite of his constant protest against the evils of excessive duelling—the attitude of the League was never to refuse a challenge, but to decline to regard duelling as a part of the University curriculum—he often fought in sabre challenges for his Suevians and Neo-Germans, and it was mainly as a result of this that the League was more often in the wars than any other students' association.

To this period belongs the first great difference of opinion with a personage who has since acquired a name and significance in Germany. The Neo-Germania held the presidency of the League, and it fell to Stresemann to represent the League to the public and to guide its policy within. He tried to find a meeting-place for the League in Germany, and in company with his friend Hermann Grumbach he discovered the little town of Frankenstein am Kyffhäuser, where under his leadership the full meeting of the League was held in the year 1898, and has continued to be held for the last twenty-five years. One of the addresses to be given

was sent in by Paul Lensch of Strasburg. He, taking his stand on the principles of Social Democracy, urged that the League should subscribe to the principles of that Party. In earlier days, Lensch pointed out, the Students' Associations had represented the Third Estate: now, other questions were knocking at the door of the present, and it was their duty to come forward on behalf of the Fourth Estate—the Proletariat. Such a position would, however, be inconsistent with the wearing of scarves and caps, and with the ceremonial of the duel. He demanded that these matters should be abolished. Paul Lensch did not appear at the meeting in support of his manifesto. Stresemann, as Speaker of the League, took occasion to deliver his first political speech in this connection, in which he strongly emphasized the contrast between the traditional Liberalism of the Students' Association and the Social Democracy of the age, and laid especial stress on the motto of the Associations—"Freedom, Honour, Fatherland".

"Shortly before the course of events carried me to the Chancellorship of the Reich, I took advantage of a few quiet days at Homburg to write down a chapter of my life story, with particular reference to my connection with the German Students' League Associations. It was then that I first made friends, learned my first lessons in work for a common end, and perhaps, too, my first lessons in leadership." So wrote Stresemann in the August days of the year 1923 regarding the above autobiographical study. It is all that survives of an account of his own life, which, owing to his early death, he was never destined to complete.

YEARS OF DEVELOPMENT

1901-1918

STRESEMANN, now three-and-twenty years old and a Doctor of Philosophy, became assistant in the central office of the German Chocolate Manufacturers' Association in Dresden, where he settled down. In this work his organizing talent came to maturity. His thesis for his Doctorate had been a study of the collapse of the small business. Now he saw before his eyes a whole industry in peril of being crushed. The main task was to break the sugar cartel. Stresemann's idea was that the Association should establish a sugar factory on its own account and so bring the dictatorship of the cartel to a speedy end.

This, however, was but a single instance of a state of affairs that affected industry throughout Saxony. Just as the manufacture of chocolate was dependent on the sugar cartel, so Saxon industry, which was mainly represented by finished goods, was dependent on those who controlled the necessary raw material. The situation was aggravated by the fact that the few large combines in the West, which were split up into all manner of small businesses, were in competition with Saxon industry. There was, indeed, an Industrialists' League, but it was not in a position to secure the adherence of the local associations. Moreover, the two larger local groups of Dresden-Bautzen and Leipzig-Zwickau-Chemnitz had been for many years in only very remote connection.

It was Stresemann who, a few months after he began work in the German Chocolate Manufacturers' Association, succeeded in combining the two local groups into a Saxon Industrialists' Association, with himself as Secretary. He made a vigorous propaganda tour through Saxony. No place was too small—even if it contained no more than two shops—for him to visit and convert. He combined in his own person agitator, secretary, organizer, and press agent on behalf of his Association. Thus, from very modest beginnings he created a very important organization of some five thousand members, whom he enlisted in the Association in the course of ten years. Indeed he has been celebrated as

having introduced a new system into German organization. These efforts led to the establishment of similar Associations in Thuringia, Würtemberg, and elsewhere, not without the active co-operation of Stresemann; thus he acquired increasing influence in the central organization, the Industrialists' League in Berlin. He was soon appointed on the committee there and remained as Acting President until the foundation of the National Association of German Industry.

But all this was merely a basis. As a result of the rapid development of German industry about the turn of the century, it was essential that industry should possess political influence. Such influence had hitherto been the exclusive prerogative of agriculture, which was the natural enemy of industry, and possessed, more especially in the Upper Chamber in Saxony, a crushing majority. Although almost three-quarters of the population of Saxony were engaged in industry, it was considered presumptuous that industry should aspire to set foot in the Upper House. The effort was then, indeed, defeated, although Saxon industry had, thanks to Stresemann's unwearied efforts, at last become aware of its importance. It was only into the Second Chamber that industry managed to penetrate, with the result that it soon destroyed the predominance of agriculture.

In later years, in the course of his efforts after financial reform, Stresemann worked energetically for the establishment of the Hansa League.

Stresemann was not elected to the Second Chamber; he figured for a time as a prominent member of the Dresden City Council, but it was not long before he was elected to the Reichstag. However, during his brief sojourn on the Council, the twenty-six-year-old councillor moved that the Social Democrats should be asked to serve on Committees. Not long before, he had proposed that a master-shoemaker should be appointed to the Committee of the National Liberal Federation in Dresden, a suggestion that was greeted with speechless horror.

His political development had led Stresemann from the National Socialist movement under Friedrich Naumann to Bassermann's National Liberals. In the new party he made himself heartily unpopular. In conjunction with a few friends he broke through the narrow political and social barriers of the National Liberal Party. At the general meeting of the Party in 1906 he proclaimed: "We

must not be a Party of professors and men of business. We must get into touch with all classes, and especially with the working man." He reproached the Party with having lost its fighting spirit—it no longer felt a "thirst for power". He was greeted with shouts of disapproval, and when Stresemann asserted that the Party had not taken a strong enough line against official misdemeanours, the ill-treatment of soldiers, etc., even the leader of the Party, Bassermann, was moved to indignant protest. "We will begin", said Stresemann in concluding his first speech at such a meeting, "to believe in the future of the Party, when we learn to emphasize the Liberal and not merely the National element in our programme." Bassermann replied with some asperity, but in this ambitious orator he recognized his "Crown Prince". At the age of twenty-nine (only Erzberger was younger at the time of his election) Stresemann was returned to the Reichstag as Deputy for Annaberg-Schwarzenberg. The population of the place, which consisted of small tradesmen and home-workers, was difficult material for a candidate, and when he was warned not to talk too much about the Naval Programme and the Colonies in his election address, because the small man merely scents new and crushing taxes behind such proposals, Stresemann replied: "You won't expect me to deny my principles to catch a little popularity, I suppose?" He was elected.

Stresemann became Bassermann's closest colleague. A comprehensive correspondence belonging to the years 1907-1917, dealing at large with all the problems of Politics and Economics, has been preserved, and will, it is hoped, be published in due course.

Bassermann had always urged the Reichstag to take a more vital interest in foreign politics, and in his parliamentary speeches his criticisms of the Government were mainly directed to this point; Stresemann modelled himself on his leader. Moreover, since naval and colonial questions were most prominent at the moment, his subjects lay ready to his hand. These conflicts inspired him with the idea of a comprehensive "German Company for World Trade". One of the most eminent industrialists in Germany, Albert Ballin, came to his support. The aim of this great project, which was destroyed by the War, was to assist German trade abroad by every possible means, and more especially to secure for it the backing of the State, the representatives of which abroad had, as Stresemann always insisted, too little conception of the vast importance of

German foreign trade. All that remains of these large plans is the German-American Trade Association. To serve as a foundation for future initiative, Stresemann remained Chairman of the Association until he became Chancellor.

On internal, and more especially social, questions, Stresemann was an active fighter. Although Bassermann set great store on keeping his friend's services, and tried to secure him one of the few safe constituencies—a so-called Riviera constituency—Stresemann stood once more for Annaberg, and in the new elections of 1912 the seat was lost.

Then followed three years of calm and contemplation. This period finds Stresemann, more often than had been previously possible, in his study at 12A Tauentzienstrasse in Berlin, where he had permanently settled down in 1907 with his wife, Käthe Kleefeld. During these years when he was out of Parliament Stresemann devoted himself to his own tastes and intellectual interests somewhat more than he was ever able to do before or after: these were mainly Goethe and Napoleon, and the history of Germany and of Prussia. He also visited the United States and Canada. At the end of 1912 he stood for a seat in Parliament that had fallen vacant. The constituency was in Reuss (Older Line), and Stresemann fought with all the strength of his personality. In vain. Social Democracy maintained itself against the assaults of Stresemann and his friends. Not until December 1914 did Stresemann return to the Reichstag. The old National Liberal stronghold, Aurich-Wittmund, one of the few constituencies which the National Liberals always won on the first ballot,¹ returned Stresemann to the Reichstag as a token of the political truce for the duration of the War.

The ideas of power and freedom, which had been so vivid to the mind of the young student, continued to dominate Stresemann especially during the War. With heart aglow, working unweariedly for his conception of a "greater Germany", he hoped and believed in the victory of the German arms. It is unfortunate that questions of space make it impossible to illustrate his attitude to the Great War by extracts from his letters and notes, speeches and articles.

¹ Under the pre-War constitution a candidate had to receive an absolute majority of all the votes polled.

But the "greater Germany" of which he dreams is to be a freer Germany. Stresemann—who has in the meantime succeeded Bassermann as leader of the National Liberal Party—contends for equal franchise in Prussia, in opposition to the majority of his colleagues, and for the extension of political responsibility to the whole population; he tries to win over the working classes, and even in the early stages of the War to secure the positive and practical co-operation of the Social Democrats. An Empire with a parliamentary régime is his political aim, and he longs to see in his own country a traditional and disciplined political procedure like that of Great Britain.

He was bitterly distressed by the want of political leadership during the War. He opposed Bethmann-Hollweg; and he urged that Bülow's statesmanship should be made available for Germany. In the absence of political leadership Stresemann was inevitably more closely drawn to the military leaders who were faced with the problems which it was the politicians' business to solve.

I grieve and I strew ashes on my head,
For my too feeble faith in victory.

These lines by Conrad Ferdinand Meyer sound like a self-accusation; they are a symbol of Stresemann's profound national feeling.

He was optimist even in the War; indeed he would never admit that a politician could be other than an optimist. But he was constantly warning the nation against underestimating the enemy. For that reason he supported the unlimited U-Boat Campaign, and for that reason he supported the views of the Supreme Army Command almost to the point of self-betrayal; for his one desire was to see the German arms victorious.

STRESEMANN'S POLICY FROM 1918 TO 1923

As late as September 1918 there is a letter dated the 16th of that month to his old friend Slesina, leader of the National Liberals in the Annaberg-Schwarzenberg constituency. This letter constitutes a sort of survey such as Stresemann so often made at turning-points in his life. "Since the time when my constituents sent me as the youngest Deputy to the Reichstag, I have traversed a long span of life; while I was out of Parliament I was able to look at affairs

from without, but I was once more drawn into the whirlpool of events, when, owing to Bassermann's death at so early an age, I had had to assume the burdensome inheritance of steering the Party at a stormy period, and play a part in decisive events. Whether I have always found the right path, who shall say? However, it may be truly said of all of us: He who does his utmost may hope for redemption. I do my utmost to place all my energy at the service of the fatherland, and so far as in me lies to secure that this war may bring us what we all so long to see—a Germany great and free! . . . For the moment we are more than ever tempest-tossed. More than ever must we now hold our head high, and clench our teeth and refuse to be brought down, even though the world be full of devils, and we are deserted by those whom honour and faith should keep at our side."

The hope expressed in this letter that the writer would soon have some good news for his friends in the Erzgebirge was not fulfilled. Ten days later Bulgaria asked for an armistice. On October 7th, by Ludendorff's orders, Major von dem Bussche explained to the leaders of the political parties in the Reichstag that the prolongation of the War offered no prospect of success.

There is an agonized letter to Friedberg upon the occasion of Ludendorff's resignation of his command on October 26th:

"I hope you agree with me when I ask you to do your utmost to prevent Hindenburg's departure. We must on no account be accused by history of having dismissed him. I am of opinion that from our point of view the Emperor's abdication is much the lesser disaster. As regards the question of peace the new Government [that of Prince Max of Baden] has agreed to make any decision dependent on what kind of armistice is offered to us. That certainly seems to me the best course to pursue. If it comes to a detailed offer of an armistice, I hope they will follow the advice of the National Liberal Parliamentary group and take the opinions of all the Army Commanders. I have the greatest mistrust of Wilson, and I believe he will lure us from concession to concession until we surrender unconditionally and are utterly helpless before an *Entente* attack like a piece of cloth under the tailor's scissors. The nation and the army have not deserved such a fate. If we agree to the armistice, as the result of which our future defence will be made much more difficult, owing to the dangers of aeroplane attack, than it is on our present line, we must above all things be

perfectly clear as to our enemies' aims, and the limit beyond which they will in no case be pressed. As far as I can see, Wilson's fourteen points already present the possibility of the loss of Alsace-Lorraine, Upper Silesia, Posen, and parts of West Prussia, and in addition an undefined sum for damages, which could very easily be transformed into a War indemnity, however otherwise it may be disguised. The loss of the iron works in Alsace-Lorraine and the coal-mines in Upper Silesia would strike at the very vitals of our economic existence. And if in addition we are to make ourselves liable for a War indemnity running into tens of millions, we shall be paralysed for a century."

Stresemann was not invited to join the Cabinet of Prince Max of Baden, and according to a memorandum left by the last Imperial Chancellor, he was much "hurt" by the omission. The Democrats explained that they could not encumber themselves with Stresemann. The whole situation in Germany, wrote Stresemann, had taken such a turn to the Left, that the Democrats were predominant for the moment in every Department of State, and he was too much inclined to the Right.

Then came the end; the revolution, and the collapse of the Empire.

Dr Gustav Stresemann, Deputy, then forty years of age, who on the 9th November 1918 was one of the last to leave the Parliament building before the irruption of the revolutionary masses, was stricken to his very soul. All that he had so steadfastly believed and fought for, lay in ruins upon the ground.

He writes to the People's Commissary Landsberg: "The Reichstag is occupied by soldiers. As the new Government has expressly declared its intention to protect private property, I beg you to give my secretary an opportunity to collect the various pieces of furniture, etc., now in room 9B of the Reichstag and belonging to me, as well as my private correspondence, which is also there." A trifling sign of the extreme disorder of the time. On all sides there was a feverish groping for a foothold, for an idea, for a new purpose. Stresemann kept himself aloof from all this commotion. He was sceptical. He urged an important industrialist from the Rhineland to keep in touch with him, as the situation was still obscure. National Liberals and Democrats tried to come to terms in the middle of November: "We had a meeting to-day with representatives of the Progressive People's Party to consider how far we could combine at the elections and how far a fusion with the

Progressive People's Party could be effected before the National Assembly. I take the view that it would be best if we combine at the elections throughout Germany, but preserve our respective organizations intact for the present, and reserve the possibility of fusion until after the National Assembly, as we shall also have to consider the position with regard to Austria. We must without question enter the Constituent National Assembly with a common programme."

On November 15th an apparent combination of the two Parties took place; though a group that was rather more inclined towards the Left published a manifesto calling for the foundation of a new Democratic Party. Three days later, on November 18th, Stresemann opened his heart on these matters: "For me the agreement to combine with the Progressive People's Party represents an immense sacrifice which I can only bring myself to make out of affection for my own Party. I am not concerned for my leadership, since all my life I have won whatever position I wanted in any organization to which I belonged. But I am doubtful whether I can go on working with the zest that is the condition of all success. Still, you must not forget that the National Liberal Party would be taking a very burdensome responsibility if it remained aloof from the union of Liberal Parties. In that event the whole of South Germany would probably be lost to us, and in the face of the oncoming hordes of youth we should very likely sink into insignificance. It would be generally said that the movement for union had failed because I wanted to keep my leadership. But if the combination takes place, as I still hope it may do, with the result that the extremer progressive elements join a democratic Party, while we go forward with the group that favours a more moderate progress, you will certainly see not merely an advantage for Liberalism as a whole, but also for the maintenance of such of the national ideals as we may hope to save from the ruin of the past for a future that looks so dark. We cannot combine with the Conservatives without wrecking the Party, and there is consequently no other way before us. If, however, it should prove that we are expected to co-operate with persons quite outside the range of our ideas, then I should prefer to withdraw from political life altogether, and devote myself to the industrial problems that are my business, and occupy my leisure with literary pursuits. It was, indeed, your own view that I should not resign, and for that reason I have stayed on board the ship, so

that if the black-white-red flag goes down, I may at least help to hoist the black and red and gold ensign, and not suffer the shame of seeing the red or reddish banner of an international democracy floating over the old National Liberal Fleet."

For a long while the negotiations for combination dragged on without success.

There can be no doubt that Stresemann's attitude to the War was at the bottom of the Democratic Party's unaccommodating demeanour. He had been an enthusiastic patriot, who had regarded even the slightest irregularity in procuring rationed food for his own household as unpatriotic. His firm confidence in victory was founded on his unshakable faith in the German Army Command, and this idealistic enthusiasm was supported by an utter determination to conquer. It is true that the other side was not lacking in uncompromising annexationists, and men resolved to hold out to the end. But now all this was to be forgotten in the glow of a general reconciliation. Stresemann felt the shock of the collapse so deeply, and it had come too suddenly for him to be able to make so quick a change in his position. It was at that time that the legend was spread abroad that Stresemann had hindered the union of the two Parties because he was not granted enough influence in the new Party. In the year 1922 he wrote a letter to Fischbeck recalling a course of events of which, in the pressure of the moment, he had made no notes. "As regards the question of the leadership of the united Party, nothing was, so far as I know, agreed. So far as anything was said about the matter I fancy there was an understanding that the existing central committees should continue to lead the Parties until the question of leadership should be decided at a meeting to be held after the elections. . . . I remember expressing my view in a note to Friedberg at the time that a fusion was only possible under certain conditions; in the first place that the Party programme should be finally agreed, and secondly that the old National Liberal Party should be allowed adequate representation on the central and sub-committees of the new Party, and I suggested a number of suitable names. My own name was not upon the list; indeed I intimated to Dr Friedberg that I was anxious not to occupy any official position on the new Party." Fischbeck, to whom the letter was addressed, for many years a leader of the Democrats, and one of the progressive negotiators in 1918, confirms Stresemann's recollection of his attitude.

Under the watch-word "Freedom and Fatherland" Stresemann with a number of his disciples appealed for the foundation of the German People's Party. After indescribable difficulties, aggravated by the stoppage of the postal service and communications generally, Stresemann tried to gather round him those of like opinions with himself who had been perplexed by the adhesion of the majority of the National Liberals to the Democratic Party. Much precious time was lost. Only a bare five weeks remained until the elections to the National Assembly. Stresemann hurried to his old constituency, fixed his headquarters at Osnabrück, and fought hard for the 60,000 votes that were necessary to secure a seat in the National Assembly. Evening after evening, and often several times a day, he spoke at meetings, and canvassed for support and votes. Moreover, it was his ambition to establish the Party throughout Germany.

At Nordhorn, a small town in Westphalia, some infuriated men made an attack on Stresemann which was only averted by the quick and courageous action of a few friends. "I fear this will lead to the raising of insurance premiums on the lives of those who offer themselves for election to the National Assembly or the Reichstag", wrote Stresemann after this occurrence.

The result of the election secured the admission of Stresemann, and of twenty-two of his adherents, to the National Assembly.

On this occasion, the days beside the Ilm were full of profound melancholy for the admirer of Goethe; *A Weimar Diary*, which was published later, is a reflection of this gloomy mood. Of the first Parliament of the German Republic Stresemann has little good to say: "Most of the members of the National Assembly hear none but the voices of the street. . . . We are left with no more than the memory of times that are past for ever." He was most deeply concerned by the debates on the fulfilment of the treaty of peace, to the acceptance of which the People's Party later declared itself in decisive opposition. Yet he still preserved a certain optimism. He believed that after some little time had elapsed England would be ready to introduce some considerable mitigation of the terms, and he was at first inclined to regard the whole Treaty as provisional. He held that the world would wear quite a different face in two or three years' time, "and, please God, one much more favourable to Germany than is displayed by the present deplorable situation".

Worn out by under-nourishment and over-work, Stresemann was compelled to spend nearly three months in Switzerland to re-

store his health, and thence he wrote on Goethe's birthday to his able colleague, Freiherr von Buhl: "Think of what we have lost. Who knows whether we can survive any further blows. I look on Bassermann and many others as very fortunate in not having to live through the time which we Germans now have to face." But a few months later he is still full of activity. He condemns the passive policy that believes "we shall win a moral victory by an attitude of pacificism"; and on November 25th, 1919, he writes the significant words: "There was never a greater prospect of pursuing a well-considered German policy and laying the foundations for our future position in Europe than at present".

But Stresemann was not merely opposed to the predominant Parties of the Left, he equally decisively refused any alliance with the Right. "Such a move would in my opinion be tactically unwise, because the noticeably large defection of the bourgeoisie at present from the Democrats to the National Parties would be sharply interrupted, if the German People's Party ceased to exist and had joined the German National People's Party. . . . Thousands who had not found what they sought with the Democrats are ready to pass over to a Liberal Party, but they would certainly recoil from supporting what in their opinion would be a Conservative Party."

There were elements on the Right that did not shrink from attacking and slandering Stresemann, and even from suggesting that his patriotism was not above reproach. He explained his position in the Party struggle in a letter dated January 23rd, 1920, to the German National, von Graefe:

"You find the source of the estrangement between the two Parties in the fact that our apparent intention was to ally ourselves with the present majority after the elections, and, under certain conditions, create a national front against what were believed to be the extremest elements on the Right, while the election cry favoured by the electors was—'A National Front against the Revolutionary Government'; they did not wish the hitherto Opposition Parties to take office unless they formed a decisive factor in the Government. In my opinion you go too far in your optimism if you believe that matters have already reached a point in Germany when our Parties could form a majority of the new Government. The task before us seems to me to consist in first breaking the overwhelming influence of Social Democracy and reducing it to a more manageable compass. A Government without Social Democratic elements

seems to me quite out of the question in the next few years, if the nation is not to stagger from one general strike into another. . . .”

The development of events led in March 1920 to the Kapp¹ *Putsch*, with its not less perilous repercussions; a General Strike, a communistic outbreak in the Ruhr, Republics on the Soviet model in Saxony and Thuringia, bloody fighting in the streets of Leipzig, and the flight of the National Government.

Stresemann stood firm by the Constitution. At the same time he had for some while been aware that the German People's Party could play a mediatory part at this juncture. The Leader of the German People's Party, Excellenz Heinze, who met the German Government in Dresden on its way to Stuttgart, took the initiative towards mediation “with the friendly approval of the members of the Reich Government”. The German People's Party had explicitly stated that they would only recognize a constitutional Government, and expected all established officials to refuse any authority from the unconstitutional Kapp Government. The negotiations, in which Stresemann took a leading part, finally ended in the retirement of the Kapp Government. Stresemann gives the following picture of the course of events:

“The March revolution of the military and of Herr Kapp deserves emphatic condemnation. If those who organized it had possessed a little political foresight, they must surely have realized that such an enterprise might have had some prospect of success in an agrarian country like Hungary, but in a country of great cities with millions of Socialist industrial workers, it was inevitably doomed to failure. It could not but inflict the most serious damage on the Reich and on German economic life. South, West, and North are now more estranged than ever, and much effort will be needed to preserve the unity of the Reich. The gradual process of economic recovery has been interrupted; the resurgence of hatred and class instinct has put back by at least a year the social pacification of Germany. The political harvest, to which the Parties of reconstruction had begun to look forward, seemed at first glance to have been destroyed. The policy of the German People's Party was a policy of reconstruction, and the organic development which could only have been favourable to that Party,

¹ In Berlin, March 13th. Berlin was entered by mutinous troops and authority assumed by Herr Kapp and General Luttwitz. President Ebert and the Government left Berlin, but the movement quickly collapsed.

has been threatened. The leaders of that Party would have been political nincompoops if they had ever promised their support to such an undertaking. They did not do so; indeed they uttered the most earnest warnings against it and went so far as to describe the idea of such a rising as criminal madness. But after the deed had been done, the important thing was to save what could be saved, so that the collapse of the military revolt should not lead to excesses by the Reichswehr and by armed civilians. The fact that the first appeal of the representatives of the People's Party then present in Berlin did not contain a severer condemnation of the enterprise may be a matter for criticism; but the policy pursued from the very first was the right one—to strain every nerve to restore constitutional conditions."

During the Kapp period Stresemann was himself in peril. Suspicious figures lurked about his house in the west of Berlin. Stresemann decided to withdraw to the house of his old friend Dr Rudolf Schneider, and there, in the intervals of his daily political work, he enjoyed peace and quiet, with discussions on German poetry.

After the Reichstag elections in May 1920, Stresemann, who had been unanimously chosen head of the People's Party at the general meeting at Jena in 1919, entered the first Reichstag of the German Republic as leader of a group of sixty-six members. To the new Cabinet constructed on the basis of the elections the People's Party sent Heinze and von Raumer.

In spite of Germany's laborious efforts to obtain some mitigation of the hostile terms of peace, the Treaty of Versailles had to be signed on June 28th, 1919. The treaty surpassed all Stresemann's gloomiest expectations. The People's Party voted against the signature of the treaty, but Stresemann never accused those who defended the signature of want of patriotism, as is so often done to-day.

In July, in continuation of Entente conferences at Boulogne and Brussels, a conference was held at Spa. After violent conflicts, in which Hugo Stinnes took a prominent part, and in the course of which the Allies already began to threaten to occupy the Ruhr, a protocol was finally signed, by the terms of which Germany bound herself, for six months as from August 1st, 1920, to deliver 2 million tons of coal monthly in place of the previous delivery of 2·4 million tons. If it could be shown that the total delivery for the

first three months, August to October, had not reached the full figure of 6 million tons, the Ruhr or some other tract of German soil was to be occupied—a clause to which Germany did not append her signature. On the German side it was proposed that the German deliveries up to date should be reckoned at 20 milliards. Germany further suggested the fixation of a minimum annual sum for the term of some thirty years, after the discharge of which Germany should be free from any further burdens.

These negotiations were followed in March 1921 by the London Conference, at which the German Foreign Minister, Dr Simons, rejected the so-called Paris resolutions of the Allies. Germany was to pay 226 milliards of gold marks in the course of forty-two years; the first two annuities (beginning from 1st May 1921) were to be of two milliard marks (gold) apiece, the next three of three milliards, the next three of four, the next three of five, and the last thirty-one of six. And in addition to this, 12 per cent of the gold value of German exports.

The German counter-offer amounted to 50 milliards, apart from what had already been delivered in cash and in kind, amounting to 20 milliards.

At the second London Conference an ultimatum was presented to Germany, in accordance with which Germany was to pay 132 milliards of gold marks; and one milliard was to be paid by May 31st, that is to say in barely a month's time. Upon this the Fehrenbach Cabinet resigned, and Wirth¹ undertook the leadership of a Weimar Coalition Cabinet. The London ultimatum was rejected by the Reichstag by 221 votes against 175. Stresemann was decisive against the acceptance of the ultimatum, and voted with his Group against the Wirth Cabinet.

Before the Wirth Cabinet was formed Stresemann tried to take a part in the shaping of events. He visited the English *Chargé d'affaires*, Lord Kilmarnock, on May 9th, to urge certain modifications in the ultimatum, and to clear up various questions connected with the evacuation of the so-called areas of sanction—Düsseldorf, Ruhrort, Duisburg, etc.—which had been occupied on March 7th. Stresemann also took the opportunity to try to influence the English attitude regarding the imminent plebiscite in Upper Silesia; he

¹ For many years Professor of Economics at the Realgymnasium, Freiburg im Breisgau. 1918, Finance Minister in the Government of Baden. 1920, Finance Minister to the Peir

asked for certain concessions in connection with the delivery of raw materials and manufactured goods, the evacuation of Düsseldorf and Duisburg, the retention of the Upper Silesian industrial area by Germany, and finally for the removal of the 50 per cent export tax.

Lord Kilmarnock's account of this interview suggests that Stresemann was already contemplating the possibility of being appointed Chancellor. He thought Stresemann's proposals important enough to send a detailed telegraphic report of them to London. The reply was not unsympathetic. When Stresemann asked the English Ambassador, Lord D'Abernon, what had been the effect of these suggestions in London, the Wirth Cabinet had already been formed. D'Abernon notes in his diary that Stresemann was "very excited" at this interview, and states his belief that if the answer from London had arrived earlier, Stresemann would have been called upon to form a Cabinet. In Stresemann's notes there is an entry under date May 13th: "A lively time. My candidature as Chancellor. Relatively friendly reception in the Press, but People's Party's rejection of the ultimatum makes it impossible. Acutest point of crisis 9th and 10th of May." The concluding sentence in this entry runs: "It's a case of splitting the Party or joining the Government."

In the autumn of 1921 the Government once more resigned after the tyrannous verdict at Geneva regarding Upper Silesia. Wirth formed the new Cabinet, and on this occasion, also, Stresemann seems to have wanted the People's Party to participate, as he writes in his diary under date November 21st: "Same situation over Upper Silesia as over ultimatum. I wonder what will come out of the general meeting at Stuttgart—something like a Fronde, I dare say. Gildemeister, Quaatz, Piper, Moldenhauer, and Zapf will be the opposition. Situation reminds me of the old National Liberal Party."

On October 22nd, after Wirth's resignation, Stresemann writes: "Any co-operation of the People's Party under the Chancellorship of Herr Wirth is, as everyone in Berlin knows, and always has been, quite out of the question. The next few days will decide whether our Party is to pursue an independent policy, or whether we are to sink into a branch of the German Nationals. In the latter event, I shall resign my leadership of the Party."

As early as December 1921 the German Government declared

themselves unable to make the payments falling due on January 15th and February 15th under the terms of the London Ultimatum. This application for a moratorium was followed by a conference at Cannes, at which Dr Walther Rathenau, who had first joined the second Cabinet as Minister of Reconstruction, but since January 31st, 1922, had been Foreign Minister, explained Germany's position. Germany was accorded a postponement of payments for the time being. At this stage France was inclined to come to an understanding with Germany, but the French Prime Minister, Aristide Briand, was overthrown by Poincaré.

The uncertainty in the matter of Reparations was the beginning of the collapse of the German currency. In May 1921 the dollar still stood at 63·25; at the end of January it had risen to 200, by the first week in July 1922 to 300, and three months later to 7000.

Certain short-sighted malcontents thought they could dissipate the strangling atmosphere of uncertainty by the shots that struck down Walther Rathenau in June 1922. In the Reichstag the phrase, "The enemy stands on the Right", fell from the lips of the Chancellor Wirth. These words were the signal for an outburst of party warfare. As, moreover, the President's period of office had expired, in the autumn of 1922 the Parties of the Right pressed for a new election in order to substitute a candidate of their own way of thinking for the Social Democrat Ebert.

The duration of Ebert's office was prolonged by constitutional means. This proceeding was largely due to Stresemann's initiative, who foresaw that the turmoil of an election might give rise to an "extremely perilous trial of strength between Monarchy and Republic". The President, perhaps, may not have been so grateful; in the event of a new election on the usual basis he would then certainly have been elected for a further period of seven years, whereas, in the circumstances, his tenure was merely prolonged for three years more.

All efforts to extricate the country from its economic abyss were of no avail. The mark could not be sustained. The Wirth Ministry resigned. Friedrich Ebert thereupon convoked a Business Cabinet, with Dr Wilhelm Cuno at its head. He has often been blamed for taking this step. But President Ebert decided to put aside all Party and personal considerations; with him, on this occasion, the first consideration was that it was impossible to pursue any consistent policy, and especially foreign policy, as long as the collapse of the

mark could not be arrested, at whatever cost. On that account he overlooked the attacks that were still being made upon him by the Right, and sent for a man who had taken an active part in the reconstruction of the German Merchant Marine after the War, and as Managing Director of so considerable an international concern as the Hapag,¹ might be expected to be well acquainted with international economic conditions. The German Minister in Copenhagen, von Rosenberg, was appointed Foreign Secretary.

Stresemann was again omitted from the Cabinet although two members of his Party, Becker and Heinze, received portfolios. As a man of compromise, he introduced into the Reichstag the motion regarding the international negotiations in the early spring of 1922, which "empowered the Wirth-Rathenau Government, by a vote of confidence, to carry on the international negotiations". Since the murder of Rathenau, as he writes in the letter to be quoted below, he "had been almost continuously involved in public affairs, so that I again begin to feel the physical strain". His hour seemed at last to have come. However, by his proposal for the prolongation of the Presidency, he had drawn upon himself the hostility of the Right, and the personal though unexpressed dislike of Ebert, without making his motives really clear to his own Party. Regarding the reasons which, in his own view, stood in the way of his effectiveness as a Minister, he writes to his friend Dingeldey in a letter of December 4th, 1922: "I agree with you that the proper course would have been the formation of a Moderate Popular Cabinet under the leadership of the German People's Party. The Social Democrats took the same point of view. Cuno was prepared to join a Stresemann Cabinet as Minister of Commerce. The opposition came from Ebert, who was possibly afraid that the People's Party might thereby secure too great an influence." He continues: "Cuno makes me very anxious. He is not the strong man he passes for. We must avoid being too closely identified with his activities."

He thus had himself in mind in his Reichstag speech of welcome to the new Chancellor on November 25th, 1922. "The first difficulty with which the new Chancellor was faced was the question whether he could find persons inside or outside this House who were willing to take the responsibility for the conduct of business in this time of crisis. In many quarters there was hesitation and

¹ The Hamburg-Amerika Line.

refusal. The Chancellor has set us an example of readiness to undertake responsibility for which we ought to be grateful." And after a similar welcome to the Foreign Minister, before commenting on the attitude of various diplomats who declined to place themselves at the disposal of the Cabinet, he said: "At this juncture, anyone who is called upon to give up a post which he perhaps likes, and in which he perhaps thinks he can do himself greater justice, and to take his place in the trenches of Politics, must regard it as his bounden obligation and duty to obey that call". Barely nine months had elapsed before Stresemann, at a far greater crisis, had to fulfil that bounden obligation and duty.

In the course of that November speech Stresemann dealt with the international economic situation. He said: "We now see a conflict of ideas in France, in which one side stands for the exaction of political pledges, but in reality aims at the establishment of the Rhine frontier. If it generally is acknowledged that, as is the opinion of experts, Germany is not in a position to make these payments demanded of her, if the world is to believe that it is the purpose of France to drive Germany deeper into distress by all manner of new burdens on her trade and industry, and it becomes obvious that this will soon mean the collapse of Germany, then the world will draw the conclusion that France has no prospect of maintaining her Reparations demands." Here we come upon the *leit-motiv* of Stresemann's future policy, when he tries to find a solution for the confusion in Europe. "The question whether an economic *rapprochement* between large French and German firms is practicable, should surely be seriously considered in our present situation." "A policy of reconstruction by an understanding with German industry, a policy of *rapprochement* between French and German heavy industries, is incompatible with a policy of sanctions and ultimatums, and with a prolongation of the occupation in its present extent." And turning directly to the Foreign Minister he added: "Pursue an active policy on all these questions in the direction of Paris—get into touch with France at the earliest moment".

The appeal was in vain. On December 21st Poincaré announced to the Senate that Germany had systematically wrecked her affairs so as to avoid Reparations payments, and that she must be placed under effective control, as the patience of France was exhausted. It was said that invasion was forced upon France by Germany.

Stresemann did not share this view, but from the beginning of 1923 he regarded the progress of events as inevitable.

Stresemann faced the opening year with bitter feelings. "Never was the world so far from peace as at present." He lamented that Germany had, like Noah, sent out her doves in vain. There were assemblies of the Allies at Genoa and London, though Germany had no opportunity to exercise any but indirect influence on these conferences. As England neither could nor would oppose the Rhineland policy of the French Right, he did not venture to hope for a "breathing-space" for Germany: "Anyone who believed that the Nations would stretch out their hands to each other in a yearning to join in the reconstruction of this disordered world, has been as much discredited by the events of the past year, as by the events that led to the Peace of Versailles and what followed it". He did not venture to believe in any intervention by the United States, although he knew it must soon be realized across the Atlantic that France was much more militarist than a Germany which had been outlawed for militarism. "In the perilous position in which we stand, let us be clear upon one point: the more we are dependent on the world without . . . the more essential it is to keep a sense of proportion in judging affairs, by which I mean that we should regard home politics as merely a means to help us to success in the sphere of foreign politics, and not as the aim of political life."

Stresemann recognized the energy of German foreign policy, as displayed in the *démarches* of the Cuno Government at the London Conference of the Allies in December 1922, and in the attitude of the Reich Government in view of the imminent negotiations of the Allies in Paris at the beginning of 1923. He similarly approved Cuno's proposal to establish a "sort of Rhine Pact", by which the States interested should bind themselves to respect the present frontiers for a generation, and not make war without previously holding a plebiscite, but he was sceptical as to its success. It was growing more clear that "France did not want the Rhinegold—she wanted the Rhine", a phrase that soon became a *leit-motiv* of Stresemann's thought. "There are three considerations that at present dominate German foreign policy: the solution of the Reparations question by a final offer, a further proposal for economic co-operation between French and German industry, and thirdly, an agreement that should hold good for a generation regarding guarantees for the present Franco-German frontier. If this policy

does not achieve the desired end, what more can the German Government be expected to do? The failure of these proposals will signify that the continued unrest in Europe is the consequence of French policy alone, which is guided solely by her ambition to dominate Europe." When German economic life showed signs of breaking down, Stresemann welcomed a suggestion made by Hughes¹ upon the occasion of a speech at Newhaven: that a commission of international experts should decide upon Germany's capacity to pay, on which prominent Americans expressed their willingness to serve. But the speech by the French Premier Millerand and the New Year reception at the Élysée made Stresemann very dubious of the success of this move. Millerand stated that Germany had withdrawn her "confession of guilt" and now, in the face of all the facts, was pleading innocence. "Germany never withdrew any such confession; a signature obtained by force has never been regarded as valid in relation to the moral judgments that the document might contain. Just as the nation unanimously refused to give up the War criminals, so to-day we stand out as one man against the lie of German war guilt in the sense of the Versailles Treaty." By this policy, which insisted barely like Shylock on its bond, and aimed at extracting the ultimate economic and political sacrifices from Germany, the relations between Germany and France were even more hopelessly poisoned, the relations between France and her Allies were made more difficult, the peace of Europe was endangered for the coming year, and the economic life of the world left in the existing state of unrest and uncertainty. If reason was to prevail, the spirit expressed in the French policy of pledges, which the Chancellor rightly stigmatized as a spirit of international disloyalty and force, would soon have to be overcome.

It was not overcome.

The Inter-Allied Reparations Conference, which had been broken off in December 1922 in London, met again on January 2nd in Paris. They had to consider a proposal from the German Government that a German Expert on Reparations, Secretary of State Bergmann, should be allowed to offer an oral explanation of a written proposal. Poincaré, who had previously designated the German suggestions of a solemn undertaking by which the nations concerned should pledge themselves not to go to war for a generation as "dangerous hypocrisy", now stated that the last three years

¹ The American Secretary of State.

had shown that the word of the German Government was not to be trusted; as a consequence, France would proceed to the seizure of pledges and secure their "productivity". At the second meeting, on January 3rd, there was a conflict between Bonar Law, who was against the occupation of the Ruhr, and Poincaré, who regarded the English proposals as "an abrogation of the Treaty of Versailles". On the next day the Conference adjourned without agreement. Poincaré stated through the Havas Agency that France would act on her own account "with calm and moderation but also with firmness and decision", words that were greeted with applause in the French Press of the Right, and embellished with abuse of England.

French reconnoitring aeroplanes appeared over Mannheim.

PART I
THE INVASION OF THE RUHR

I

A BREACH OF THE TREATY— INVASION OF THE RUHR

ON January 10th the Foreign Committee of the Reichstag assembled under its chairman Stresemann. The Chancellor, Cuno, stated that France and Belgium had openly broken the Treaty of Versailles. Active opposition on the part of the German people was not possible. The Government would notify all Powers of Germany's protest against this violation of justice. The Foreign Minister, Dr von Rosenberg, reported the action taken by the French Ambassador and the Belgian Chargé d'affaires on January 9th, when they formally announced the invasion of the Ruhr.

After Poincaré had consulted Marshal Foch, General Weygand, the organizer of the Polish army, and the Minister of War, Maginot, the French troops of occupation under General Degoutte advanced as far as the neighbourhood of Essen. They entered the Ruhr area equipped with tanks, machine-guns, armoured lorries, and aeroplanes. Forty mining and naval engineers followed the five divisions which were to act as their bodyguard. Belgium participated with two divisions. On January 12th the French marched into Essen. The General Staff took up its quarters in the Villa Hügel. The Coal Syndicate had previously transferred its headquarters to Hamburg.

The German Ambassador in Paris—Dr Mayer—left Paris, and handed over the charge of affairs to the Counsellor of Embassy, von Hoesch. The German Minister in Brussels—Dr Landsberg—also left his post.

From Stresemann's diary, January 13th:

"Statement in the Reichstag—Cuno's speech weak—made statement on behalf of all Central Parties—Social Democratic group divided on a vote. Evening, Stage-Club—lecture on Goethe and Napoleon."

The following are the more important passages in Stresemann's statement on the invasion of the Ruhr:

Against this outrage on the German people, German soil, and German industry, against this breach of written treaties, and of a moral order that should be the more binding because it is

unwritten, we call upon the German people and the conscience of the nations to resist. No menace can give France an excuse for such an attack, such a raid on German soil. France refused even to listen to Germany's proposals for the settlement of war damages. Germany's repeated suggestions for co-operation between the mining industries on both sides, so repeatedly demanded by French politicians and industrialists, were disregarded. The guarantee for her frontiers, to which Germany is alleged to be a menace, put forward by Germany through the agency of the greatest Power in the world, was brushed aside. A nation that can ignore the prospect of an international loan, advantages for her trade and industry, and the strongest international guarantees for her frontiers, as France has done in the last few weeks, has forfeited the right to be believed when she speaks of peaceful missions. The same observation applies to Poincaré's alleged readiness to negotiate with Germany, when France has aimed at, or succeeded in, excluding Germany from almost all international conferences from Versailles onwards. France's object is the destruction of Germany. It is hoped that by prolonged occupation of German soil, and the strangulation of German industry, either German unity will collapse, or the German people will be forced to acquiesce in these measures. France will be disappointed.

The invasion of the Ruhr was extended by the French; after the "green" zone of the Foch plan they occupied the "red" zone. On the 15th they entered Bochum, and on the 16th, Dortmund. In Bochum they fired on the crowd with machine-guns, because they were singing the "Wacht am Rhein" on the Königsallee, killed one person and wounded two others. Fritz Thyssen, and other leading German industrialists, accused of non-delivery of coal, were brought before the French General Staff D. 3 at the Düsseldorf bridge-head.

A manifesto issued by the German Miners' Unions stated that the peaceful population of the Ruhr area refused to work under the bayonets of foreign soldiers. The strike began. A French Court-Martial in Mainz condemned the industrialists brought before them to heavy fines. Upon a protest by the Reich Government against the illegal ordinances of the Rhineland Commission, Poincaré answered: "The French Government cannot admit such protests, which clearly amount to an attempt to reverse the parts played by the two countries; France will secure the observance of the Treaty of Versailles, which the German Government has tried systematically to violate". Equally provocative is the tone of the answer to a note of protest by

Hoesch against the shooting of the stretcher-bearer, Kowalski, in Langendreer; it was stated to be impossible to accept a communication in which such expressions were used. All German officials in the Ruhr, who resisted French and Belgian military authorities, were arrested and expelled. The transport of coal to Germany was stopped.

The British Cabinet remained obstinately inactive. It was reported from London that there was no disposition to interfere with the French, so long as the English army of occupation was not affected. By three votes against the one English vote, the Reparations Commission refused the German application for a moratorium.

The dollar, which at the beginning of the occupation of the Ruhr stood at 10,425, had risen by the end of January to 43,000.

WHAT WILL BE THE END?

Political survey dated February 1st:

The struggle over the position of Germany among the peoples of the world has now reached an ultimate stage. The events in the Ruhr are, in some sort, a corollary of the Great War, now that the threat, which always hung over us, has materialized, and France has set her army in motion against the Ruhr.

What have these weeks of struggle brought? The balance of trade looks very disquieting, and at present much more so for France than for ourselves. In place of the Reparations coal, which was delivered almost to the end, and in place of the timber and other deliveries, France has received barely a few thousand tons of coal. Her finances, which might well be described as already disastrous, have been further disordered by the cost of this vast military expedition. Fresh budget demands and fresh taxes are an imminent prospect for France. The mark fell into the abyss; the franc is falling slowly but apparently quite surely from its previous level. The greatest railway system in Europe, apart from certain English lines, is in hopeless disorder and the production of coal is declining. In the first days, indeed, production was greater than it has ever been, and Germany's resources have hardly at any time been as great since the War as they are to-day. But it is clear that, for the economic life of the country as a whole, the fall in production, the stoppage of trade, useless and unproductive labour, must represent a serious set-back to any conception of economic and human reason, not to mention human culture and human progress.

In addition to this there are the brutalities committed against our officials, the disgraceful treatment of persons of character and standing, who have been turned out on to the public roads as though they were afflicted with a contagious disease. The number of those who, at a time of peace, have been forced to leave their homes by this invasion, and have been separated from their families, is increasing from day to day. Attempts have been made to bribe or to coerce the inhabitants, but hitherto in vain. Active brutality is met by passive resistance. The French calculations have not been realized, and at present the balance works out at a loss. In a few days Poincaré will stand before the Chamber and have to deliver a report on the results of his proceedings. The attitude that he adopts, and the attitude adopted by the Chamber, will greatly affect our future. Hitherto we have been merely a passive object for the purposes of others. Has a new factor now entered into the situation—Germany's power of resistance? Does the world now look at us with different eyes?

Long before this invasion of the Ruhr I protested in the Reichstag against our acceptance of Notes from the Entente, the tone of which was insulting to Germany, and I claimed that to reject them or to answer them in no unmeasured terms, was not merely the right but the duty of the German Government. But the deed followed the gesture; the mine-owners, the workmen, and the officials set themselves to resist. Firm and definite were the instructions issued, especially by the authorities of the Reich, the railways, and the postal authorities. Attempts were made to cajole the workmen into acquiescence; and astute plans were laid for conquering the Ruhr by means of class conflict. *Divide et impera*. How often had Poincaré dilated on the fact that the profits of German heavy industries were enormous. Would it not be possible to stir up the population if they were told that France had come to live with them in peace and amity, and that only the rapacity of the great industrialists was responsible for the invasion of the Ruhr? The plan did not succeed. From day to day good news was awaited in Paris, but after the lapse of three weeks it was realized that the first battle was utterly and hopelessly lost.

The headings in the Paris Press plainly reveal the disappointment at this turn of events: "The Mine-Owners resist, but the Miners are at work". Then comes the admission that the miners, too, were on strike. Then there are references to the resistance of

the officials; and finally the demonstrations, in which the whole population took part, when a magnificent triumphal welcome was prepared for the convicted mine-owners on their return. Between the lines can be read the grinding resentment with which a representative of a Paris newspaper reports that he had been a witness of the scandalous scenes in which hundreds of thousands had welcomed Fritz Thyssen and the rest.

Especially noteworthy is the vast astonishment over the events in the Rhineland. It was believed that the spirit of the Rhineland had been broken. It might at least have been expected that four years of occupation had implanted a certain apathy in the inhabitants. Then the demonstrations in Mainz burst forth, and the streets of the city re-echoed with the forbidden songs of Germany. The Rhineland joined the Ruhr in national resistance. German resistance, which flared up in all manner of unexpected places, showed the Rhineland that she was not forgotten, as perhaps had been not uncommonly believed. According as Berlin showed the way, and showed it energetically, the flag of separatism drooped in the west and in the south.

"Germany has shown her true face", such is the common phrase in French newspapers to-day: "We now know that she is arming for revenge and we must protect ourselves". General Castelnau writes in the *Echo de Paris* that the possessor of the Ruhr has Germany in his grasp. No more talk of deficient deliveries of coal and timber. It is ultimately realized in France that it is ridiculous to justify the invasion of the Ruhr by an Army Corps by a deficiency in deliveries that works out at 1.5 per cent of the whole. But is there any longer need of a moralist's mask? England is silent and America is silent. Italy hovers between moral disarmament and an increase in her share percentage of Germany's deliveries. No, let us throw away the mask. *Germania est delenda*. We shall stay on the Ruhr because Germany hates us; Germany is planning a war of revenge. Germany is planning an alliance with Russia, and the most powerfully armed nation in Europe, more powerfully armed than in the time of Napoleon I, represents itself as threatened by unarmed Germany, and demands approval of her attack on Germany because she must secure her future.

Somewhere there must be an end: "One can do a great deal with bayonets except sit on them for any length of time". Talleyrand's remark is equally applicable to-day. There was a recent caricature

in a French weekly paper depicting a French General, enveloped in furs, writing a military report from the Ruhr area: "Our situation is excellent, we have achieved all our objectives. Unfortunately we are freezing. Send us some coal." Perhaps this drawing is more calculated to inform public opinion in Paris of the real position in the Ruhr than any leading articles. Herr Benes, the brilliant advocate for France, has drawn a melancholy picture of French finances: France has paid out 90 milliards of francs for the devastated areas, but she has 300 milliards of internal debts, and nearly half the regular budget of 1922 was set apart for interest and amortization of internal State debt. If the sums paid out by France for the restoration of the devastated areas are not recovered by her, certain French financial authorities take the view that the whole French budget until 1930 will be absorbed by internal and external interest payments, so that nothing will be left for the remaining obligations of the State. The picture may be a true one: it would, however, be madness to believe that one nation can assume the entire burden of a world war.

It was pure demagoguery to tell the French peasants that the Germans would pay everything. Now they are fast in their own fetters. We have lost the war, and we know we must take the consequences of that fact. The present Government is well aware that payments must be undertaken within the limits of Germany's capacity. In industrial circles there has been expression of a readiness to come to an understanding with French industry. To meet the nightmare of a German attack on France, we were ready to offer her an international guarantee of security. Those very people who still cherished the hope that in the interest of peace and of the recovery of world trade, some understanding with France might be possible, have been robbed, by France's action, of the last arguments they could have used upon their countrymen. If the financial position of France is as described by Benes, then the Ruhr venture was an abominable crime against the French people. It may, in the last resort, damage Germany and plunge the mark into the abyss; but it will also drag France into a decline which might have been avoided by a sensible policy.

Opinions that recognize this are not wanting in France; and they will acquire the more influence in so far as Germany persists whole-heartedly on the way that she has chosen hitherto. We have grown all too accustomed to thinking only in material terms. We

heard of nothing but figures, of tons and hundredweights, of export and import, of dollar rates to the point of nausea, and of the fall and the stabilization of currency. Now another note rings through the land. We hear once again of national conscience, we hear of Germans saying they will only obey orders from their own Government, and refuse to do what would bring dishonour upon themselves. One thing only we must never lose, and that is our self-respect. The fact that we have also recovered this in the eyes of the world also, is the one great moral result of the last few weeks of struggle.

On the night of February 4th French troops in Baden occupied the bridge-heads of Kehl, Appenweier, and Offenburg. In Wanne, in the Ruhr area, during the stoppage of the railway traffic by the French, a guard was felled by a soldier with a club. In Gelsenkirchen the police were disarmed and brutally mishandled in the process. Wesel and Emmerich were occupied. "All is going well on the Ruhr", writes the *Figaro*. And the *Echo de Paris*: "We are now writing history. Sully and Napoleon should be our examples."

In the speech from the throne on February 13th, King George said: "My Government will in no way increase the difficulties of the Allies, though it can neither approve nor take part in this operation". Bonar Law, the Conservative Premier, said in the House of Commons that he did not know whether it would be possible to leave the English troops any longer on the Rhine. But if one of the two parties made it necessary to withdraw, that would be a misfortune; for it would also mean the end of the Entente.

After the Chancellor, Cuno, and the Prussian Minister of the Interior, Severing, had made a tour in the occupied area, a Franco-Belgian Note of February 9th stated that neither the Ministers of the Reich nor of any of the German States were now authorized to enter the Ruhr province. This Note had neither superscription nor signature.

A TOUR IN THE WAR AREA

Stresemann, who was of course a member of the Reichstag, decided to visit the Ruhr. He had announced his arrival for February 21st, one day before the population of Bochum was attacked by the French troops, the Mayor and his Council arrested, the Chamber of Commerce looted, and a strict state of siege established. Stresemann was not a Minister; but in that time of lawlessness throughout the industrial area, he found himself compelled to leave Bochum with a false passport.

From his speech in Dortmund:

During the Great War leaflets were dropped in which it was explained to the German soldiers that they were fighting for an unjust cause. Many believed this. They lent their ears to false representations that the enemy was not fighting against the German People, but for the Democracy that was to free us from intolerable oppression. They believed the assurance that when we had altered our form of Government the enemy would reach out a hand to us, and that, according to Wilson, there would then be neither conquerors nor conquered. The enemy spoke of the safeguarding of the right of self-determination, and of a just settlement of the Colonial question. The whole world, so they maintained, was in a state of unrest and ferment because it was burdened by the nightmare of German militarism. A new culture would now gain the mastery. These words found their way to millions of ears and they were believed. Indeed in one town, the following message of welcome was displayed at the reception of the home-coming warriors: "*Seid willkommen, wackere Streiter, Gott und Wilson helfen weiter*".

But what happened? Has the world been freed from the nightmare of militarism now that there is no longer a German army? Is there disarmament now that Germany has surrendered her weapons? Many people said that it was wrong to build U-Boats with which to sink enemy ships. But are not others building U-Boats, after they have forbidden us to build them? Do not others boast of their enormous air fleet, and of the invention of an unsurpassably effective explosive? All this is assuredly not produced for the cultural advancement of humanity. All that they have charged us with, as directed against humanity, they are using for their own purposes. What they promised us was all falsehood and deceit. We were fools for not stopping our ears with wax; but we listened to the Sirens' song and laid down our arms before the peace was made. Those who respected our rights and our freedom had nothing to fear from Germany and will never need to fear her again. Those Powers who signed the Peace of Versailles and forced us to lay down our weapons are therefore morally responsible for the situation in Germany to-day.

We have not to beg and implore their intervention; we demand it, if there is any meaning in what passed at that time. We did not lay down our arms unconditionally. Not until we received the

despatch from Lansing,¹ in which all the details of the peace were set forth, did we do so. In those peace preliminaries the indemnities that we should have to pay were clearly limited. There was not a word of the fantastic proposal that we were also to pay the pensions of all those who took part in the War. Not until later, when we were disarmed, was this inserted in the conditions of peace.

Just as in those days it was alleged that the War was not directed against the German People but against the Hohenzollerns, and on behalf of democracy and a republic, so now that Germany has become a republic, the war is not waged against the German People but against the industrial magnates. We know, so they say now, that the German People cannot make good the war damages, but the captains of industry can pay. To you, O German People, we come as friends. One might cry out with Wallenstein: "If the idea were not so cursed clever, one would be tempted just to call it folly". But it is indeed a clever idea. The war—so it is suggested to the German People—is directed against the ill will of the German Government, which is trying to escape from its just obligations,—this most moderate of Governments which, under Cuno, oppresses Germany and prevents any understanding with France. The present Government has, God knows, done its best to reach an understanding with France. Many Germans are of opinion that the Government has, in its proposals, gone far beyond what would be economically possible for us to bear. The Government did this to secure peace at last, for as yet there has been no peace. It has been said that the Germans were practising a sort of fraudulent bankruptcy. It is very well known that a proposal was made to the Paris Conference that went considerably beyond what the impartial American observer, Pierpont Morgan, thought was the limit of Germany's capacity to pay. Subject to the guarantee of a moratorium, the Government undertook to pay the interest at once on the entire sum needed for war damages, even if the international loan came to nothing. The Government further proposed

¹ In the negotiations before the Armistice the German and the American Governments reached general agreement that the terms and principles of peace should be those stated by President Wilson in his address to Congress on Jan. 8th, 1918, and his subsequent addresses, particularly the address of Sept. 27th, and that the object of peace discussions would be only to agree upon the practical details of their application (H. W. V. Temperley, *History of the Peace Conference*, vol. i, p. 382).

to provide the first and second instalments itself, provided that the third could be taken up on the international market. If the proposition had been so bad as we are asked to believe, Poincaré would certainly have published and commented on it long ago.

In the French Press it was stated that the German Government stirred up the peaceful population of the Ruhr to resistance. It would be a good thing if the French were better acquainted with the history and mentality of the German People; they would then know that the population of the Ruhr is the last upon which any such constraint could be imposed. The French say that the German Government is pursuing an intensive propaganda. The contrary is the case. It is France that is surpassing herself in propaganda. Her acts are the best propaganda for us. If Germany had at once capitulated upon the invasion of the French, as President Millerand had expected, and negotiated with the French upon new conditions, that would have meant a victory for the Party in Paris which maintains that any demands may be made upon Germany, if only force is applied. Those who would deprive us of the Rhineland and Westphalia would take the heart from out of us. Woe to them who do not realize that the future of Germany is at stake. For this we live and for this we fight—for a future to which Germany has a right by virtue of her history and her mighty achievements, past and present.

The Inter-Allied Commission replaced the German railway administration on the Rhine and in the Ruhr, on account of acts of sabotage that had occurred, by a Franco-German Railway *Régie* that first started work in Düsseldorf. In reply to a question from the leader of the English Labour Party, Ramsay MacDonald, Bonar Law answered in the House of Commons: "We do not think that any intervention by us would be serviceable at the moment. It would be regarded by France as a hostile move."

From Stresemann's speech in the debate on the Ruhr in the Reichstag on March 6th:

With the invasion of the Ruhr begins the attempt by France to establish her claim to the political and economic hegemony of Europe. In any discussion of the Ruhr, the word "armoury" is constantly in use. When it is openly stated that France should be in possession of such an armoury, against whom is it to be used? Against Germany? There is some doubt abroad as to whether

Germany is really disarmed. I do not think that there ought to be a doubt remaining after what Germans have had to endure in the Ruhr, unprotected by the German Government. There could surely be no Government in the world that would tolerate such a violation of its sovereignty and such brutal maltreatment of its citizens, were it not completely defenceless. This disposes of all the talk about the pretended German menace to France, which compelled France to take this or that step.

The fact remains: as a result of the Treaty of Versailles, France has become the greatest, indeed almost the only militarily influential Power on the Continent. Never did Napoleon at the height of his fame combine so many resources as France at the present time. Just as happened to Napoleon and to French rulers of earlier centuries, France of to-day has succumbed to the temptation to ignore the spiritual claims of other nations in the consciousness of this power.

Rhine and Ruhr—herein lies the significance of these weeks—they are also perhaps the first stages on the road to the stabilization of French hegemony. The Ruhr armoury is apparently, in some minds, destined to prepare for further developments, the scene of which need not be Germany.

It seems now as if public opinion in France were somewhat disquieted by the events of the past six weeks. We see the French official Press called in to assist against the speeches of certain German Deputies which caused exasperation in France. As a counterblast to a speech that I delivered in Dortmund, the Havas Agency was made to publish a notice to the effect that there was no question that Germany had ever put forward a serious proposition in Paris. The writer referred to the Yellow Book and stated that there had never on any occasion been any question of a written proposal ("*il ne s'agit pas d'une proposition écrite*"), but merely of the announcement of a visit ("*seulement une démarche annonçant une visite*"). It was further asserted that the German Government had made no definite proposal. There is a touch of humour in the polite reference to myself in the *Temps*, to the effect that no accusation was made against me; I was a victim of the untruthfulness of the Wilhelmstrasse.

I think it very desirable to lay stress on what was said by the Chancellor yesterday. For there is here a danger of misrepresenting the facts. The point was not that Herr Bergmann wanted to

have a discussion with our opponents over Reparations, but to put forward a firm and of course a written proposal for the final settlement of the Reparations question, but at the same time the German Government claimed with perfect right that it should take part in the discussion of its own proposals in order that they might not fail by being misunderstood and distorted, while the Government was not in a position to define its attitude. It is surely not chauvinistic to say that all these international conferences at which the fate of Germany is discussed but Germany is not heard, are in flat conflict with all the ideas for which these gentlemen pretend to have fought, when they went to war with Germany.

For me the question of pledging our economic resources stands as follows: so long as there is no final solution of the Reparations problem, it would in my opinion be a completely perverted policy to proceed to any levy on real assets, which would only constitute a pledge which the Entente would seize and on which they would base new exactions from Germany. But the moment the freedom and self-dependence of Germany can be secured by such a levy, then it is naturally the duty of the Government to call for such measures, and the duty of those affected to give what is necessary to guarantee the obligations assumed by Germany. This was the underlying principle of our proposals. It was put forward to the Paris Conference, and the gentlemen who did not even discuss it have no right to accuse either the German Government or German Industry.

The German proposal is, so far as I am aware, known in its broad outlines to the Party leaders in the House; it is also, I believe, known to several members of the Reparations Commission, and it would be a serious underestimate of the French Intelligence Service if we were to assume that it was not very well known to Poincaré. If he regarded the proposal put forward by Cuno's Government as a fresh proof of Germany's bad faith and intention to evade her Reparations obligations, we may be very sure that it would long since have been made public in that quarter. No! They did not want Reparations; they wanted to invade the Ruhr, and for that reason there was no reference to this proposal; for that reason it was to be regarded as merely a *démarche* intended to announce the approaching arrival of a certain German envoy.

The Chancellor said yesterday that this proposal would have placed France in possession of the proceeds of an international

loan, which was, after all, a solid and impartial standard by which could be estimated what it might be expected that a nation could pay. He might have also added that Germany offered to make herself responsible for the interest on the payments that were not immediately taken up in the form of an international loan. He might also have added that in respect of the years for which a moratorium was claimed, a subsequent payment by Germany was contemplated, and that in the year 1932 a further instalment, if the world took it up on the basis of international credit, would accrue to the Allies. I should like to ask Herr Beneš, if he is the friend of France, and wished to prevent the collapse of French finances, whether he ought not to have advised his friend Poincaré to discuss this proposal, instead of invading the Ruhr, if there was a real desire to settle the Reparations question and rehabilitate the finances of France.

No reasonable man in Germany would oppose an understanding with France. But France has destroyed all the conditions necessary to make such an understanding possible. I should be glad if we could trust those French statesmen who are always assuring us that they have never thought of annexations and conquests. Such protests are a mere play upon words, since what now confronts us is a severance of German territory, and whether the annexation is open or concealed is a matter of indifference. In this question the nations who signed the Treaty of Versailles are responsible to us both morally and under international law, and so are the intellectual sponsors of the Treaty, even though they did not sign it. Only a fortnight ago General de Castelnau, in the *Echo de Paris*, openly referred to the age-long efforts of France to detach the Rhine territories from Germany. The Chancellor was quite right when he said that we stand alone in the world. From the economic point of view there can be no victory in this war that has been forced upon us—it will be merely a question on which side the more economic values are destroyed. There has never been a greater conscious destruction of economic values. The war is unequal. But, none the less, I believe that France has suffered severely in her economic life. To talk, as the Chancellor observed—or, as the Minister Severing said, to “whine”—about negotiations, will carry us no further. What we must do is to force France, by our unanimous resistance, to abandon her opposition to international negotiations on the Reparations question.

The French made the blockade complete by a Customs cordon from Emmerich to the Swiss frontier. The Rhineland Commission decreed the death penalty for disobedient German railwaymen. At Buer a French officer and non-commissioned officer were shot by their own soldiers at night. The French authorities declared a state of siege, and arrested the mayor: three Germans were killed. On March 12th Poincaré went to Brussels, and with the Belgian Premier, Theunis, agreed upon "sanctions" that were to be seized if there were any further "outrages against the army of occupation".

STINNES IS PESSIMISTIC

March 19th, 1923

At the suggestion of Herr Hugo Stinnes¹ I breakfasted and had a talk with him to-day at the Hotel Esplanade. He took the opportunity of giving me his views of the situation.

He regarded the economic measures adopted by the Government (the supporting action by the Reichsbank and the fifty-million-dollar Treasury Bond Loan for the creation of an exchange fund) as having completely failed. Through the fall in the dollar a large part of German industry was hardly in a position to carry on business, and this was especially true of the manufacturing industry. As regards the Ruhr, he could not see how we could maintain ourselves against France, which could undoubtedly hold on longer than Germany. The efforts of France were directed towards detaching the Rhineland and the Ruhr from Germany and subjecting them to some form of international control. The more moderate elements in France contemplated leaving the Ruhr under German sovereignty, but exercising control through the medium of an international Gendarmerie, and placing such control in the hands of Powers which took up the international loan that would be needed for the settlement of the Reparations question. He had not been in Berlin during the last few weeks in order to avoid being compelled to display his opposition to the Government. For if he had been asked, he would have felt bound to say plainly what he thought, and for that reason he had wanted to escape the unpleasantness of being asked.

In an interview with Herr von Rosenberg he had begged him even at this late date to publish the German offer made at the Paris

¹ Coal magnate and millionaire: with something of "the prestige of a Monte Cristo" (Lord D'Abernon).

Conference. He was firmly convinced that the Paris Conference would never have broken up if the offer had been published at the time. Sensible Frenchmen had expressed the view that the offer contained everything that could be demanded of Germany. All countries were waiting for the publication of the figures, after I [Stresemann] had referred to them in my Reichstag speech. The publication of the offer would possibly have involved the fall of Poincaré. He had told Herr Rosenberg that the Government's lack of ideas would be its ruin, if they went on with their present conduct of international negotiations, and gave those who wanted to avoid a catastrophe no opportunity of proceeding against Poincaré. But how could his opponents attack him if they were not provided with any material?

From a remark that Herr Stinnes made in another connection I gathered that he had obtained his information mostly from Loucheur. Upon my question whether his views agreed with those of Vöglér, who had conveyed to me a few days before that there must be in no circumstances any talk of negotiations, and that the resistance on the Ruhr was stronger than ever, Stinnes replied that Vöglér was entirely of his opinion. But the two questions had really no connection. It was true that the resistance on the Ruhr was extraordinarily strong, and it would always be an achievement for Germany to have made known by this resistance that there were limits to her endurance. But the resistance and the conflict as a whole were not ends in themselves; they were directed to a purpose—viz. the liberation of the Ruhr and the re-establishment of permanent conditions.

In the course of the interview Stinnes touched on my proposal in the Reichstag for a *levy on real assets* in connection with a definite Reparations settlement, and expressed himself as in agreement with it, subject to certain reservations. It must of course be realized that one day the Reich would have to raise a mortgage on the real assets that form the main wealth of Germany. But a counter-requirement would be that the regulation of industry should be abandoned. If a house-owner is to-day asked to contribute even only 10 per cent of the gold value of his property as a Reich mortgage, the mortgage would be higher than the present value of the house; to pay interest on the mortgage it would be essential to enable property owners to get back to the gold mark. But for industry it was most important that a levy on real assets should go

hand in hand with a *modification of the eight-hour day*. Unless more work was done in Germany it would be impossible for industry to pay this interest in gold values. He thought he could say to me, as man to man, that even in Social Democratic circles it was agreed that the working day would have to be lengthened.

On March 31st the attack by French troops on the workmen in the Krupp Factory took place. The French occupied the motorshed, intending to remove the lorries. Alarmed by the sirens, the men in the neighbouring shops left their work; the French fired into the crowd with machine-guns, 13 were killed and more than 30 wounded. The French engineers refused to lend their car for the transport of the wounded, and the infuriated employees took it by force. All shops and places of business were closed in token of mourning and protest. In a note handed to the French Government in Paris by Herr von Hoesch, the German Government demanded satisfaction for the victims and their dependants; instead of which four of the Krupp Directors, and on May 1st Krupp von Bohlen himself, were arrested. The Secretary of State, Hamm, and the former Ministers, Giesberts and Stegerwald, were arrested on their way to the funeral ceremony at Essen, which was attended by 500,000 persons.

By the middle of April about 24,400 persons had been expelled from the occupied area; and the French and Belgian soldiers had committed 51 murders in the Ruhr since the beginning of the occupation.

WHAT DOES FRANCE WANT?

On April 16th there began in the Reichstag a great debate on the subject of foreign affairs. On April 13th Poincaré had a conference in Paris with the Belgian Ministers Theunis and Jaspar. According to the Havas Agency the French and Belgian Governments were equally determined on continuing their action in the Ruhr, until Germany made direct proposals for the payment of Reparations. Meantime the pressure would be intensified by further measures. On April 15th in a Sunday address at the consecration of a war memorial at Dünkirchen, Poincaré said: "It is vain for Germany to expect from us one moment's hesitation. What was necessary to be done, and what France has undertaken, will be continued, as hitherto, without force and without provocation. It will proceed *jusqu'au bout*."

Von Rosenberg's speech was the answer to this "obstinate and uncompromising" statement. It proclaimed once more Germany's

resolve to defend herself, more especially against the plan to establish an independent Rhine Federal State, a scheme that went beyond the terms of the Treaty of Versailles, and was beyond discussion. The Foreign Minister laid more stress than before on the rejection of the earlier German offer, and the proposal that Germany's capacity to pay should be estimated by an international body. In the offer that Bergmann was to have put forward in Paris the Government had reckoned 30 milliards of gold marks as the maximum that could be paid "in the most favourable circumstances and with the utmost efforts". Since that date Germany's capacity had not been increased, but diminished, by the attacks made upon her sovereignty. "For that reason I believe that the solution that will and must be one day found will be based on the German proposal that was then so summarily treated in Paris."

Stresemann, who wanted to see some definite action taken, and a return to activity after the passivity of the Ruhr, both by an interview in the *Vossische Zeitung* and by using his influence with the Chancellor did his utmost in this direction, and was careful in his speech to urge that the Cabinet should be supported. His attitude is thus of decisive significance for what was to follow.

Negotiations mean, in our position, an attempt to clear the way for international agreements and finally to solve the Reparations question, and thus to re-establish the freedom of the Ruhr and the Rhineland.

This activity may take various forms. It may consist of parliamentary and diplomatic feelers, parliamentary speeches, notes, or proposals. Whatever form is chosen must be decided by the course of events. I believe that the Foreign Minister, by his speech of yesterday, has done much to advance the active policy of the Government that was begun in January and December last. The significant element in his speech lies in the fact, I think, that it forms a suitable basis for international agreements, in case the Entente, and especially France, is anxious for an understanding.

The Paris offer stood in the foreground of his observations yesterday. The solution that must one day be found, said Herr von Rosenberg, must probably be based on the proposals then so summarily rejected. This offer was to be the basis of the negotiations in Paris; but it was nullified by Poincaré's refusal.

The invasion of the Ruhr at first broke off any further discussion. In this connection I must be allowed to ask whether it was judicious to postpone the official notification of our proposals until so recent a date, and whether the unofficial attempts to impress our

opponents with the willingness of the German Government should not have been accorded earlier official support. The German offer can only be revived as the basis for discussion if there is a conviction in France that a solution must be reached that replaces military force by an international understanding.

The question of Reparations cannot be delimited by the quotation of a figure, as was indeed pointed out by the Foreign Minister yesterday. Even the Paris proposal, to which he referred, was not a figure representing the final limit of what Germany could pay. It consisted—and this was intended—of two parts, inseparable from each other. In the first place there was a fixed sum. The interest on this fixed sum was made independent of the international bank credit—not the capital but the interest; and there were, in addition, two conditional sums, to be estimated by the body that Herr Gothein has rightly described as decisive for all these matters—I mean the body that will issue the international loan, which has to be based on the estimated capacity of those who have raised the interest. I should like to think that there was here a connection between the Hughes proposal, which has not lost its significance, and the speech of the Foreign Minister, when he suggested that the Paris offer might well form the point of departure for fresh international negotiations. I can well believe that this first fixed figure might be adopted as the basis for negotiations, but that those same international experts would have to be consulted on what further sums Germany might be able to pay in the course of time, and might well have something to say on the developments that have taken place since the invasion of the Ruhr.

I should like to draw attention to what Herr Müller said yesterday in the House, when he observed that we could not make the whole complex of questions dependent on international estimates, which, if they were to be thorough, might drag on for months and even years. Especially was it impossible to do so if it was our will and our desire above all to secure, by a final settlement of this question, the freedom and the evacuation of the Ruhr. If a policy of passive resistance is to be pursued, we cannot demand that it shall wait until the Experts are agreed as to Germany's capacity to pay. It seems to me that a combination of the two parts of that proposal is still possible to-day. This offers the opportunity for a discussion, which will leave to the Experts the last word on the final sum, but already provides a definite foundation.

It may well at this point be asked whether any attention will be paid to such a proposal from Germany. So far as I have seen the comments of the Paris Press on Herr von Rosenberg's speech, the writers do not yet know quite what view to take of the situation, and are hesitating between criticism, recognition of Germany's goodwill, and a repetition of the phrases in which Tardieu and his satellites have always refused any attempts at understanding.

Can the Reparations problem be solved at all? is the Reparations problem to be solved in accordance with the views of those who now rule France? or is French policy aiming at leaving the Reparations wound open, so as to achieve the purpose of the destruction of German unity, by intentionally wrecking every attempt at settlement?

If it is admitted that the finances of France are in disorder—and as to that there can be no doubt—and that very large sums have been expended on the devastated areas (though I permit myself some doubt as to whether all this money has been laid out exclusively on the devastated areas), it is and it remains economic and political madness to demand that Germany shall pay for all the War damage suffered by the Allies; and it is madness even to expect the more limited compensation that is asked for to-day. The starting-point now is that the French demand should be put in the foreground, and France then says: "We are to receive 52 per cent of the payments that Germany must make, add in the remaining figure, and this gives the total amount that Germany must pay." This calculation will not do. The starting-point must be Germany's capacity to pay, and Germany's credit.

I do not say this as a German member of Parliament, nor is this merely an egotistical German point of view. May I point out, and may I especially draw the attention of public opinion in France to the fact that the English Prime Minister expressed exactly the same view at the Paris Conference, and quite explicitly rejected the contention that the starting-point should be what the Allies wanted; he insisted that it should be what Germany could pay. He said in this connection—I quote his actual words: "They (the Allies) could only hope to approach the question successfully by taking it in the inverse order, as to how much Germany could pay". And he continues, in development of the same idea: "No really large sums could be obtained without re-establishing German credit"

Who is to re-establish German credit? Who is to decide what Germany will finally be able to pay? He puts these questions with an objectivity for which we should be grateful: "The first thing was to find out not only in the opinion of the Allies themselves, but of fair-minded people outside, how much Germany could pay". Bonar Law referred to the necessity of a moratorium for Germany, and then closed his speech with the following words: "The only chance of obtaining early payments from Germany was by means of the loan, and without re-establishment of credit that was impossible". It is noteworthy that Poincaré made no comment on these remarks, but turned the subject and discussed quite a different matter.

If Bonar Law is regarded as in any way prejudiced—and in France everyone is regarded as prejudiced who is not in the closest touch and agreement with her most rigid statesmen—let me refer to a resolution of the International Chamber of Commerce in Rome, which was adopted with the support of the French votes. For in this resolution, though one may observe how carefully every clause is drafted to avoid hurting the feelings of any of the many nations represented, there is the following passage that must be taken as referring to the Ruhr:

It is useless to consider the complex of Reparations problems, without at the same time considering what measures might be taken to provide a final settlement and admit a reasonable hope for the economic existence of the nations. The fulfilment of Reparations obligations alone is not enough. It is essential that confidence should be re-established and such safeguards created as would obviate any fear for national frontiers, and free the world from the burden of unnecessary armaments.

I do not believe that the International Chamber of Commerce, in this reference to the burden of unnecessary armaments, was referring to the German Police Force. Nor do I believe that the International Chamber of Commerce, in this warning that confidence must first be restored if there is to be an assurance that frontiers will be respected, was inspired by French anxiety against a German attack. No; in this resolution, for which the French industrialists also voted, is expressed the bitterest condemnation of the French adventure in the Ruhr; and it is made clear that not merely the present but the future economic life of the world has been shaken by the policy still conducted from Paris.

In the reports of Cassel, Keynes and Jenks, it has also been expressly stated that without a final settlement there can be no sound basis for a loan. In the meantime Herr Cassel has expressed himself much more strongly in a Stockholm newspaper than he did previously when the Ruhr adventure was merely in the air:

. To try to solve a devastation problem by a claim for damages is childish. The first essential is to stop further devastation.

That is the view reached by the neutral experts who issued that report. It is here clearly expressed that before France comes forward with fresh demands, she must stop inflicting further devastation on the economic life of the world.

I said: there are two opposing points of view—the German capacity to pay, which Bonar Law wants to make the starting-point of all international discussions, and the French claims, which make an accommodation impossible even without the proportionate percentage claims of the other Allies. I have often suggested that some attempt might be made to solve the situation if the Allies would consider among themselves the question whether France might not be given some priority of position, possibly in the form that some other participants might be induced to make some sacrifice in favour of France. The *Temps* stated that this revealed a hope of embroiling the Allies. Really, I am not aware that the relations between England and France exhibit many symptoms of cordiality. But the *Temps* may indeed credit the German politicians with having learnt so much from the developments of the last few years as to recognize that differences of opinion between the Allies are always in the last resort ascribed to German agency.

We have, in truth, no interest in throwing the apple of discord among the Allies. We perfectly well realize that the tremendous common effort made by these peoples during four years of war has created such powerful imponderable forces, that so long, at least, as there are statesmen from those years still at the head of their Governments, they will not be responsible for digging the grave of the Entente. It has never occurred to me to make any attempts in this place to play off one of them against the other.

I am not without confirmation in what I say. If I am not mistaken, the former English Prime Minister, Lloyd George, has

repeatedly suggested that it was a pure matter of calculation in the last resort whether they should demand Reparation payments and make good the ruin of German purchasing power by unemployment pay, or whether they had not better give up their claims, and so try to relieve the damage to English industry. I am well aware—and it would not be right of me to omit this—that Bonar Law took quite another standpoint on this matter. When he was in Paris he ventured on a parallel and said: "If Germany completely disappeared as the result of an earthquake, the only effect on English industry would be that we should have lost a very important competitor". In this remark I miss somewhat of the insight of the international economist. No nation is merely a seller. Every nation is at the same time a buyer, and the situation as between England and Germany was not in the first instance characterized by the industrial competition between the two countries, but by the position of England as universal carrier for the trade of a prosperous world. No country has so great an interest in the advancement of world trade as the Re-imbursement Credits circles in London, the members of the great Insurance Companies, and the ship-owners on whose vessels German goods are, like the rest, carried all over the world. I should think that at a time when the lands from the Rhine to the Urals are inhabited by peoples whose purchasing power has either diminished or disappeared, no country has a greater interest in the restoration of European trade than England, if she wishes to resume her old place.

All peoples must gradually get rid of the illusion that the shattering effects of a world war can spare any of the countries concerned. The problems of accommodation between the present and the pre-War years cannot be solved by financial methods alone. In this connection there are quite other possibilities of development. And it is strange that official France speaks no more of such possibilities, whereas at an earlier date, this question, backed by official policy, was very prominent in industrial circles. I have not yet heard any echo of the speech which the Chancellor delivered in Hamburg, in which he spoke of the co-operation of Industry in the two countries. Perhaps the conditions of Europe as a whole may lead us to quite a different view of the question whether frontiers are to continue to serve as barriers that dislocate the system of world trade as a whole, as they formerly did. At this very moment, in connection with the severance of iron ore and coal, we

see that a new frontier makes absolutely no difference to the complete interrelation of the great industrial concerns. This kind of organization is perhaps, taking a long view, of much greater importance for the development of French trade than a milliard more or less that exists only in cold figures, and possesses but the vaguest reality. I believe that in this matter of greatly increased industrial co-operation, which we see is beginning to find acceptance in Central Europe on our other frontiers, lie prospects of economic *rapprochement* that offer a possibility of healing the wounds left by the War in quite a different fashion. Economic co-operation will, very likely, offer a possibility of economic *rapprochement*; political *rapprochement* has for so long been made impossible by Herr Poincaré's policy, that commerce at present offers a much better starting-point than politics.

The English Premier, Bonar Law, had the right to call attention at the Paris Conference to England's achievements, and to point out to Herr Poincaré that the English had essentially the same interest in the Reparations question as the French, as English finances were equally damaged by the War. Instead of which, as we see, he adopted a different attitude. But when I turn once more to the criticism of German finances, I feel disposed to say to the Englishmen who put forward these criticisms: "He laughs at scars that's never felt a wound". The conditions for English financial policy are quite different from our own. We have no firm foundations on which a budget can be based. If our mark were as stable as the English pound, then we should have been able to pursue quite a different financial policy from what has been the case.

Conditions in Germany are quite different from those in a country like England, which survived the War with only slight oscillations of its currency. If, in England, there is talk of tax-dodging and the flight of capital, it will hardly be disputed that these phenomena have been prevalent among us. But I should like to ask the Entente what Government could combat them in the situation which Entente policy has produced in Germany. How can a Government possess authority within when its authority without is so flouted as is Germany's before the world? Where are the conditions that must exist if a State is to exercise authority? For its existence under international law a State depends ultimately on unshaken frontiers without, and on sovereignty within. But the Entente respects neither our frontiers nor our sovereignty. There could be

no more shameful outrage upon German sovereignty than the way in which the Rhineland Commission dares to treat Germany.

What does Herr Poincaré want? In Paris he explained his ideas regarding the occupation of the Ruhr, which Bonar Law intimated that he had not wholly understood, and said:

Returning to Bonar Law's question, he said he wanted to make clear that his intention had been to call forth the goodwill of Germany by the pressure of the occupation of Bochum and Essen.¹ If Germany did not, by the medium of an international loan or in some other way, give him the guarantees that he demanded, he would then set himself to derive every possible profit from the Ruhr and the left bank of the Rhine.

Gentlemen, it is an extraordinarily interesting point that as one of the guarantees—which is the same as pledge—as one of the pledges, then, to which he attaches most weight—he does not name the others, he merely says “by means of loans or otherwise”,—he contemplates an international loan that would enable him to remove this pressure from Germany. And then an international loan is made impossible for us by the very policy that Poincaré himself pursues and has pursued for some time. That this has not achieved his second aim, the making of profits on the Ruhr, I need no figures to prove. The figures may be read in any French newspaper, and every week that the occupation of the Ruhr continues, the moratorium that Germany must demand grows automatically longer. For that is the least result of this paralysis of German industry, that the time when Germany can again begin any Reparations payments at all, becomes more and more distant.

But I must say that I am strangely shaken when I observe this same Herr Poincaré, who regards a purely financial question like that of an international loan, as a guarantee, which he proposes to extract by an invasion of the Ruhr, should, as he did, brush aside the German proposals that were after all directed towards the flotation of an international loan.

For this reason I come to the question whether Herr Poincaré has really explained his ultimate motives to Bonar Law. The Ruhr

¹ “If M. Poincaré were not a past master in the art of unconscious humour it would be impossible to believe in the attribution to him of these words”: *Reparation Reviewed*, by Sir Andrew MacFadyen, p. 24, note.

and Rhine policy are incompatible with such a policy of agreement on the subject of Reparations.

The whole issue lies in the question which Herr Dr David asked on March 7th: "What is it you want? If you want Reparations, then we can come to an agreement with you; if you want the Rhineland, then there can be no agreement."

No, we must make our position perfectly clear on one side and the other. I am determined to disavow such an attitude as that represented in the *Deutsche Zeitung* of to-day, which says: "We will not pay". No responsible politician could in any circumstances adopt such an attitude in this House. No one does us greater harm in this struggle for the freedom of the Ruhr, than those who give our opponents an opportunity to call attention to such irresponsible utterances. Never has a single speaker from the German National Party taken any other attitude than that the limit of what we must pay shall be the capacity of Germany; just as Herr von Rosenberg said: "This is the maximum, and the limit of what any German Government can offer". There is nothing to be said for that kind of irresponsible policy that only augments difficulties that, God knows, are mountainous enough already.

I have put the question of Reparations in the foreground. I have perhaps gone too far for some people's feelings in emphasizing our positive will in the face of the refusals of our opponents. I did so for a very definite reason; in order, more especially, to make this one thing clear; the question of Reparations is a question of compromise, of negotiation, a question in regard to which the life and death of the German people need not be dependent on the amount and distribution of annuities, and details of the kind. But if, in the place of a policy of Reparations, another policy is pursued, which aims at depriving us of the Rhine and the Ruhr, then we must say with the same clarity: Here there can be no negotiation and no compromise, here the life and death and the future of the German people are at stake. On this matter a word must at last be spoken to the world, that shall be free from all doubt and evasion, so that thereafter all may know what is the feeling of the German people.

What makes us so extraordinarily suspicious—what, I might even say, gives us the conviction that this is no policy of Reparations that France is practising—is the monstrous expulsion of inhabitants that has been imposed by France upon the occupied area. I will not speak of the individual fate that here, in a time of peace,

threatens whole families and thousands of officials. Is there not some political conception behind all this? Does not this wholesale ejection of leading spirits in the arts, in commerce, and politics, sometimes quite without reason, point to a preparation for the annexation of the district? The idea is to deprive us of our leaders so as to make the way clear for such paid ruffians as Dorten and Smeets. It is hoped to stifle the voices that would proclaim against this method of making the Rhineland appear amicably disposed to France. The collapse of Dorten's previous agitation has led to these measures against all who stood out for Germany.

On this account I should like to lay stress upon one thing above all: I do not think it desirable to set forth a long list of conditions that must be fulfilled before it is possible to sit down to negotiate, but one feeling seems to be shared by all. All those Germans who have been deprived of their freedom by France, must be liberated. That is the indispensable demand that every Government must make before entering into any understanding with France. I do not mean merely their release from gaol, but the restoration of the normal state of affairs in the province. We are not merely concerned that the prisoners should be released from the gaols and penal settlements, but that whoever had his home in the Palatinate should go back to the place to which he belongs, and that we in Germany should not be robbed of our freedom of movement by foreign Powers whose policy would seek to deprive the citizen of his human right to live where he chooses.

Herr von Rosenberg has spoken against the evacuation of the Ruhr by stages. The Chancellor, indeed, in his speech in Munich emphasized the fact that the evacuation of the Ruhr area must be the starting-point of any possible discussion. I will merely say two things. The complete evacuation of the Ruhr district is also to the interest of France. We are pretty well informed of the feeling among the French troops and railwaymen. Perhaps Herr Poincaré will inform us of an illuminating figure: what percentage of the railwaymen were ready to stay in the Ruhr after April to support the French plans? The immediate evacuation of the Ruhr is also in the interest of the stabilization of economic conditions. The economic prosperity of a country never developed under the bayonets of an enemy.

I should like to devote one word to the notion of bringing the League of Nations into connection with the Rhineland. I rather

fancy that the former English Prime Minister, Lloyd George, succumbed to some extent to the temptation of discovering the solution of our present difficulties in such a connection. I think it our duty to make it clear to Lloyd George that any attempt to replace the burden of occupation by the lighter burden of an International Gendarmerie would not in the least accord with the sentiments of the German People. I must observe that the presence of an International Gendarmerie is almost more degrading for a nation than occupation by an enemy who remains in the country. In the former case the nation's sovereignty is absolutely gone.

The spiritual endurance of the German People has been subjected by all the events since January 11th to an extraordinarily severe test, in the political sphere as well. It is not surprising that the extreme elements at home have gained in strength. They owe their increase of strength to the policy of disintegrating Germany pursued by those beyond our frontiers. The task of every Government is infinitely difficult in the face of such extreme tendencies. Foolish are they to believe they can solve this whole complex of problems by calling for a strong man to sweep away these feeble creatures who are vainly attempting a solution of these difficulties. Strange are those who appeal to Bismarck, and yet have learned nothing of that great statesman's *Realpolitik* in their judgment of foreign and home affairs. They would otherwise understand that we are living in a time of transition, in which it is important to keep all our forces together, to preserve the unity of the People and the Reich, and to preserve the State against the storm that has come upon us from without.

Of course I entirely understand all the ferment of criticism, and more especially the tension between a strong and justified national feeling, and the cleavage between these aspirations to reconstitute Germany's position, and a practicable policy which is the only one that a German Government can at present pursue. Our task is, in my opinion, resolutely to support the State as now existing, which Herr Dr Helfferich, addressing us from this place, has already told us to do: to rally to its defence and to support its leadership, and thus by a policy of national good sense and by the concentration of all our forces, to secure ourselves a future on which, when we have preserved the State and our unity through these troublous times, we may build another—a future that will be

the more grateful to contemplate, when we look back on what we have preserved for the benefit of those critics of the present who were content to offer us their negative criticism instead of positive co-operation.

WHAT DOES ENGLAND WANT?

The English Foreign Minister, Lord Curzon, stated in the House of Lords on April 21st that the prophecy to the effect that the occupation of the Ruhr would not pay, had been confirmed. But intervention would be madness. For the past three months England had been in permanent touch with both parties, Germany and France. He quite understood that Germany was reluctant to name a definite sum for Reparations under the present circumstances. Yet she must give proofs of her willingness to pay and propose guarantees. England was prepared to settle the question of security for France, on conditions that would not lead to the dismemberment of Germany. England would not surrender her own Reparations demands. Lord Curzon then proceeded:

"I can only repeat the advice that I have again and again given to the German Government, to take the first step and make an offer, so as to make an impression on public opinion in the Entente countries to the effect that Germany is prepared to fulfil her obligations so far as her strength will permit. I know that the French and Belgian Governments are ready, when they have such an offer before them—whether it be addressed to these two countries or to the Entente as a whole—at once to enter upon negotiations on the subject with the Governments concerned and seriously to discuss what may be proposed. In my opinion, to Germany as the creditor country falls the duty of taking the first step towards the termination of the conflict in the Ruhr."

To this, Stresemann replied on April 22nd in the course of a public address in Berlin:

The speech that Lord Curzon has delivered in the English Upper House is worthy of our careful attention. It creates a new political situation that the German Government should not be slow to estimate. We are gratified to recognize that Lord Curzon speaks of Germany in quite different terms from those that we have been accustomed to hear from French lips. This change of tone accords with the increase of consideration that we owe to our brave resistance in the Ruhr. What Lord Curzon said about the settlement of the Reparations question forms a suitable basis for the con-

tinuance of international discussion, even if certain matters are not yet altogether clear.

But there are a few comments that must be made regarding Lord Curzon's speech. The English Minister confined himself almost entirely to the question of Reparations. If we are not mistaken, it was Lord Curzon who put forward the idea of giving the League of Nations a definite influence on the administration of the Rhineland. As against this suggestion it must be again clearly stated that Germany is open to come to an understanding on the question of Reparation payments. Our life and death do not depend on whether we are to pay a gold milliard more or less, or whether we secure the foundation for an economic revival a few years earlier or later. But our life and death does depend on the Rhine and the Ruhr remaining German. An understanding with Germany is possible as to the extent of payments by Germany and the methods by which they shall be made, but on the question of surrendering the German Rhineland no understanding is possible. This talk about a Rhineland question should come to an end: there is no Rhineland question that concerns the League of Nations or the Allies.

The Rhineland is German land, and in so far as the province wishes to alter its position within the German confederation, the constitution gives it a right to make such a claim. But we desire that the guarantors of the Treaty of Versailles, and above all England, should realize that it is their duty to see that the Versailles Treaty is justly and loyally carried out as it affects Germany. Hitherto England has patiently suffered the encroachments of France by her attitude on the Rhineland Commission, and given her approval by the silent gesture of withholding her vote. If Lord Curzon wishes to be an honourable agent between Germany and France, he must, in his dealings, start from the fact that German sovereignty over the Rhineland is regarded by every German Government and every German Party as a self-evident condition for any discussion for a final settlement that may put an end, by other means, to this prolongation of the war.

The *Temps* has lately stated that those who are striving for an understanding between Germany and France should first devote their energies to securing a cessation of passive resistance in Germany. That is a suggestion which is outside discussion. If it were realized it would rob Germany of her only means of defence against the invasion of the Ruhr. We have already had painful experiences

of what happens when we laid down our arms before the negotiations have begun. We have seen ourselves confronted with a peace quite alien to the conditions under which we laid down our arms. When the negotiations begin on this occasion, either the evacuation of the Ruhr must start simultaneously, or the present situation must continue. If France cannot bring herself to understand that the discussion must start from the evacuation of the Ruhr, we on our side cannot give up passive resistance. This policy is not an end in itself but a means to an end, for the purpose of reaching, by way of negotiation, an agreement that shall secure us freedom and independence.

THE GERMAN NOTE

On April 26th Poincaré once more let it be known that no German offer could be considered that was not addressed directly to France, or demanded the evacuation of the Ruhr as a condition of negotiations. On May 1st the German Government sent a Note to the signatory Powers of the Versailles Treaty, the Vatican, and to the Governments of the neutral countries.

The contents of this Note were, summarized: Germany's total obligation, both financial and by way of deliveries in kind, to be fixed at 30 milliards of gold marks, 20 milliards of which were to be raised by July 1st, 1927, 5 milliards by July 1st, 1929, and 5 milliards by July 1st, 1931, by the issue of international loans. If the second and third instalments were not raised by the agreed date, an impartial international Commission was to decide how the remainder should be provided. If the other side was not convinced that this proposal represented the limits of Germany's capacity, then, in accordance with the suggestion of the American Secretary of State, Hughes, the whole Reparations problem was to be referred to an international Commission, free from any political influence. The German Government was to take appropriate measures, if necessary by Act of Parliament, to provide that German Industry as a whole should be pledged to secure the service of the loan.

It was mentioned in the Note that the "population" had replied to the illegal occupation of the Ruhr, by passive resistance. In the first text of the German Note it was stated that "the German Government" had so replied. That was a mistake against which Stresemann had uttered a warning.

The Reuter Agency reported unofficially in London:

"We learn in well-informed circles that the British Government has taken great pains to make clear to all parties concerned that it is in no way connected with the German Note, and had nothing to do,

as had been suggested in certain quarters, with drafting the proposals."

The English answer to the German Note was unfavourable: Germany must extend her proposals to form a practicable basis for future discussion. While Lord Curzon, the English Foreign Minister, had contemplated a combined Allied reply, on May 6th, the Franco-Belgian answer was issued without England and Italy. Poincaré called the German Note "a hardly concealed expression of a systematic rejection of the Treaty of Versailles". He conceived this rejection to lie in the fact that Germany aimed at withdrawing the Reparations question from the Reparations Commission and bringing it before international Commissions.

On the 8th of May the French Court-Martial at Werden condemned Krupp and the Krupp Directors, a Works Manager, and a Men's Representative on the Board (the last two being working men) to terms of imprisonment varying from twenty years to six months. On May 26th a shopkeeper named Leo Schlageter¹ was shot at Düsseldorf by the French military authorities for blowing up the railway line near Kalkum and for espionage.

The French seized the Höchst Dye-works, confiscated the stocks of chemical products, and appointed a Separatist as sub-prefect of the district. In the same way the Badische Anilinfabrik in Ludwigshafen, the Stinnes warehouses at Rheinruhrhafen, and the Weiler ter Meer Chemical Works in Urdingen were also occupied. The town of Limburg was raided. In the towns of the Ruhr area the consequences of Poincaré's vindictively pursued policy of disbanding the police soon became observable. The communists of Gelsenkirchen, after a fight with the civic guard and the fire brigade, seized the police headquarters and burned all the records. The disorder spread to Bochum. Twenty persons were killed and sixty wounded. The Trade Unions appealed to the population to remain calm.

The average dollar rate was now 47,700. Henceforward it moved downwards in an ever steeper curve.

CUNO CABINET CRISIS

Stresemann, from without, exercised a tranquillizing influence by the following unsigned article in the *Zeit*, dated May 29th:

It seems that the nerves of certain politicians, or of such as conceive themselves to be politicians, cannot endure the present time of waiting. Hence those dark rumours of crisis, that seek an echo in

¹ This became a *cause célèbre*, to which several subsequent references are made.

publicity, although those who originate and spread them abroad have no claim to any attention. It is certainly true that the position is difficult and the outlook into the immediate future is neither bright nor cheerful. But there is no reason to choose this moment for depicting on the wall the ghost of an internal crisis, and every responsible German politician should remind himself that it is extraordinarily thoughtless to play with ideas of a crisis at a juncture when they will surely be interpreted merely as signs of weakness.

Especially foolish is the contention that the Cuno Cabinet has, as the Cabinet of resistance, fettered itself too greatly by its own words. No German Government is conceivable that could embody anything else than the idea of resistance. The last speeches on foreign affairs in the Reichstag, shortly before Whitsuntide, by all the speakers for considerable Party Groups, left not the smallest doubt on this point. Even the Social-Democratic speaker, Hermann Müller, repelled with honourable indignation any suggestion that he or his Party were thinking of capitulation. When it is further recalled that on this matter both the extreme elements on the Left and Right were for once in agreement with the other Groups, it becomes abundantly clear that the whole German people would only consent to be led by a Cabinet of resistance. Anyone who speaks and writes of a "more adaptable" Cabinet, that is to say, a Cabinet with a weaker will to resistance, exhibits himself as entirely out of touch with popular feeling at large.

But all Groups of the Reichstag, including the extremes to the Left and Right, were also agreed that the threads of negotiations, once joined, should not again be snapped. Diplomatic activities should thus be carried further, and it is not merely desirable but of the first importance that they should remain in the hands of the present Cabinet. The complex of diplomatic activity will, at the present moment, permit of no change. The Cuno Cabinet is in an excellent position to spin the thread further. It cannot, indeed, do one thing: it cannot increase the sum which in the first Note was quoted as the highest amount that Germany was prepared and able to pay. But this should not affect the continuance of the exchange of Notes. There are a number of points of common interest that will, without entering upon the question of the final sum, admit of the continuance of the discussion, which is what really matters at the moment. Of these, the most important is the question of the economic guarantees that Germany is to offer for the security

of a foreign loan, or for the provision of definite yearly payments. Another point is the calculation of ultimate liability by our international experts, a proposal that we made in our first Note, and one on which we can lay special stress since the German offer of payment was not favourably received. A further possible and necessary subject of negotiation is the question of our political and economic freedom and independence, which we regard as the aim of all negotiations.

A GERMAN MEMORANDUM

In the French Chamber Poincaré raised a question of confidence. "It has been said", he stated, "that Germany must capitulate. This word does not frighten me." By 505 votes against 67 the Chamber expressed its confidence in the Government by passing the Ruhr credits. On June 6th Poincaré had a conference with the Belgian Ministers in Brussels. Germany was peremptorily enjoined "to abandon passive resistance before any proposal could be examined". The pressure would be increased and Germany forced to a rapid fulfilment of her obligations.

On June 7th the German Government sent a memorandum to the Allies, which, briefly summarized, ran as follows:

(1) The question of the capacity of Germany to pay is a question of fact on which various opinions are possible. Germany is aware that in the circumstances of the moment it is extremely difficult to arrive at a certain estimate. For this reason the German Government has offered to adopt the decision of an impartial and international body as to the extent and method of such payments. There could hardly be a stronger proof of Germany's goodwill in the matter of Reparations.

The German Government is ready to provide all the necessary material on which to base a reliable estimate of Germany's capacity to pay. Germany would, if required, allow a thorough investigation of her financial system, and give all needed information regarding all the resources of German economic life.

(2) The German Government had contemplated the issue of large loans in order as soon as possible to provide the Powers who participated in Reparations with considerable supplies of capital. So long as the issue of loans in large amounts proves to be impracticable, the German Government suggested a system of yearly instalments in place of the capital sums.

(3) As the Allied Governments were anxious for further details as to the nature and extent of the securities which Germany had in view, the German Government suggested the following guarantees for the fulfilment of the final Reparations plan.

(a) The Reich railway system with all its equipment and accessories to cease to be the property of the Reich and become a special property, whose receipts and expenditure shall be independent of the general financial administration of the country. The Reich railways to issue gold bonds to an amount of 10 milliards of gold marks, which will secure a yearly payment of 500 millions of gold marks.

(b) To secure a further annual payment of 500 million gold marks as from July 1st, 1927, the German Government will offer a guarantee based on the entire economic resources of Germany—Industry, Banks, Trade, Communications, and Agriculture. The 500 millions in question will either be provided indirectly within the framework of a general tax that will include the remaining forms of property, or contributed directly by the objects mortgaged.

(c) In addition, the duties on luxuries, and the excise duties on tobacco, beer, wine, and sugar, together with the yield from the brandy monopoly, shall be pledged for the annual payments.

In conclusion, the memorandum urged that in so important and so complicated a question real progress could only be made by oral discussion at a conference table. Once more the request was made for a conference to be summoned, to agree upon the best methods of fulfilling these obligations.

II

THE SECOND PHASE OF THE RUHR WAR

RETURN TO ACTIVITY

THE rapid fall of the mark caused a panic in the second half of June that led to violent attacks on the errors of commission and omission for which the President of the Reichsbank, Havenstein,¹ was responsible. When the dollar stood at 167,000 a Bank Committee met at the Chancellor's official residence to consider the situation.

Meanwhile England was continually striving for a compromise with France. In a communication to the Cardinal Secretary of State, Gasparri, Pope Pius XI said, in the name of justice and brotherly love, that the creditors must carefully consider whether it was in fact necessary in all the circumstances to maintain an occupation that was accompanied by great hardships, or whether it would not be better gradually to substitute other safeguards. If both parties could agree on this basis, the occupation might be mitigated, and in time wholly withdrawn. Then at last there would be true peace among the nations. In the Senate, Poincaré, "in the face of the world, of Powers both temporal and spiritual", insisted on the rights of France. The Holy See was not incapable of worldly error. Passive resistance was "active, insidious, and criminal". The French nation had conquered and would abate nothing of their conquest.

It was forbidden to enter the occupied area, and the railway traffic came to an end. The Ruhr was defenceless.

On June 28th the following note by Stresemann was published anonymously in the *Zeit*:

At a time when the brutalities of France have reached their

¹ "It is the custom in some circles in Western Europe to regard the whole currency devaluation crisis as an act of supreme financial skill and rascality on the part of Germany's financial advisors. I find it difficult to subscribe to this view. . . . One cannot credit Havenstein, President of the Reichsbank, and Rathenau, with deliberate misrepresentation of their own views in the speeches they made during the inflation period. Havenstein's most ingenuous statement in Aug. 1923 that next week the Reichsbank would supply the public with necessary currency in such quantity that one week would add fifty per cent. to his currency in circulation can hardly have been made by so honourable an official in a spirit of irony, or with intent to deceive."—Viscount D'Abernon, *An Ambassador of Peace*, vol. i, p. 31.

height, when such a personage as Krupp von Bohlen is still languishing in gaol, and German citizens are being executed, posters of private meetings depicting the French *poilu* trampling on the German miners of the Ruhr are banned by the authorities. French outrages are no longer promptly countered by official rejoinders. The Foreign Ministry is silent in every language. The Chancellor, in his speeches at Münster and Königsberg, made many excellent observations on foreign affairs, Ruhr policy, and policy in Eastern Europe, and when he speaks at Elberfeld he will undoubtedly find words that will express the feelings of every German on the subject of the Ruhr. But the speech that is addressed to the heart of the nation, that strives to ensure that the spirit of the first few months shall accompany us to the conference table and even to the end of the negotiations, the spirit that must recover for us the freedom of the Rhine, the Ruhr, and the Saar, that spirit has of late been sadly in abeyance.

The daily events in the Ruhr cannot, after all, be allowed to continue without the people wanting something more than the official statement that the total number of exiles has increased. It is the business of the Chancellor and the Foreign Minister to give expression to the popular outcry against these brutalities, and proclaim so loudly all the bloodshed and outrages committed by the French, that the world cannot pass them over. Lloyd George and Clemenceau would perhaps not have won the War if they had not for years beclouded the hearts and minds of the world with fabrications about war guilt. We stand on the solid ground of facts when we cry aloud in the ears of the world that the French have been guilty of blood in time of peace. This can only indirectly be the task of private individuals; it should in the main be a task of our political leaders.

This activity, which is essential both at home and abroad, should also include the conduct and influence of international discussion by means of interviews, public speeches, and also by co-operation with Parliament. Our Parliament, the subject of so many attacks, has, broadly speaking, allowed complete freedom to the Government, especially as the Chancellor and the Foreign Minister do not perhaps feel very much at ease in that atmosphere. But one may be allowed to indicate that the Government should seek more frequent opportunities of addressing the world from that tribune. What a magnificent success was the co-operation of all Parties over

the question of the corn assessment and the measures for reducing the price of bread. What an impression it would have created abroad if the Chancellor, at the end of these deliberations, had taken occasion to show that all the French reports regarding the collapse of German unity as against her opponents were purposeless in the face of her united front on so important a question.

The last brief parliamentary session will shortly be upon us; and to many, after all the strain under which we have laboured since the beginning of the year, it comes like a political holiday. It would be wrong if the Government were to indulge this attitude, in their satisfaction at finding that political discussion was dying down. One thing we must in any event learn from the War—that we must not, at least in our own country, neglect the *imponderabilia* of public opinion. We say this from the sincere wish that this Government may, in defiance of France, succeed in recovering the freedom of the Ruhr on the basis of an understanding that leaves all our necessities of life undamaged. On that account we call the attention of those concerned to this question, in the hope that the Government will return to that active policy, which looked so promising when they first took up their labours.

THE ATTITUDE OF ENGLAND

On July 12th, Baldwin, who since the middle of May had been Prime Minister in succession to Bonar Law, and Lord Curzon, made statements in the House of Commons and House of Lords respectively. Baldwin said:

"We shall confidently invite the Allied and interested States to give sympathetic consideration to proposals that have no other object than the pacification of Europe and the recovery of the exhausted world.

"Peace cannot be made finally secure until the questions of Inter-Allied debts, and the security of a pacified Europe, are finally solved. We hope we shall find our Allies prepared to second our efforts and to consider the whole situation. We are of opinion that the proposals contained in the German Note, whether practicable or not, should not be ignored.

"In the measure that Germany's productive forces are exhausted, the restoration of her credit and the payment of her debts disappear into an uncertain future. Every European country pays the price for this state of affairs, one by the fall in its currency, another by the loss of its trade, and a third by increasing unemployment. It is no exaggeration to say that the restoration of the world is in

danger, and that the peace, for which so great sacrifices were made, is at stake."

On July 20th England set aside the request of France for secrecy of communication with her Allies. The British Government made public the text of a Note which proposed to France, Belgium, Italy, the United States, and Japan a common answer to the German memorandum of June 7th. In this Note it was stated that if passive resistance was the main obstacle and its abandonment must be the first step in any real advance, His Majesty's Government would gladly support the Allies in this regard and exert pressure to this end. But if this plan was to be carried through with any hope of success, two conditions must also be fulfilled. A fresh and serious attempt must be made to fix Germany's capacity to pay, and the Ruhr must be restored to a condition that permitted it to become once more a land of fruitful production and not an object of international intrigue.

The French reply was delayed. The negotiations were to be protracted in order to tire Germany out. The Notes of protest against the penal decrees of the Rhineland Commission and the French raid on Barmen were without success.

SIGNS OF THE TIME

With various ineffectual measures taken by the Government to cope with the fall in the currency, and increasing symptoms of an approaching change of Cabinet, July drew to an end to an accompaniment of riots against the rise in the cost of living. The latter part of the month was spent by Stresemann in Homburg. Towards the end of July he wrote as follows in *Deutsche Stimmen* on the disquieting outlook:

From its very first meeting the Reichstag found itself confronted with an anxious situation. The questions involved are essentially economic, but they have their origin in matters that fall within the scope of Foreign Affairs. In the last resort the matter at issue is the budget of the Ruhr war, and the question whether we can maintain it without involving ourselves in a political and economic situation that may be serious beyond expectation.

Those who insist that something must happen, that it "can't go on like this", should remember that in times when the evil effects of a situation move with such rapidity, quiet reflection is more especially needed. Then, if ever, the words of Goethe are appropriate: "I would not be foolish and violent in time of peril". If our economic difficulties are increasing and the currency con-

tinues its downward course, there is nothing that need surprise us in that. We are now in the eighth month of the Ruhr war; we are cut off from our main areas of labour and production, we have to import raw material by means of foreign currency, we see the entire trade between the occupied territory and the rest of Germany broken off, and our railways, in an area that was exceptionally profitable, under foreign control and bringing in nothing to the Reich. Such a state of affairs cannot persist without economic convulsions, and a strain on our currency that has reduced it to a level that no one could have conceived.

This process will go on. We shall progress into autumn and winter without any present prospect of ending the war in the Ruhr. Any sort of false optimism would be here quite inappropriate. There are no indications that the international tension has in any way diminished. Any such prospect can only be dependent on the effect of time. Coal will still be exported to France: but that will come to an end when the stocks are exhausted. France's Ruhr budget consists almost wholly of debit entries. The last elections to the French Chamber clearly revealed a widespread criticism of this policy, which has never yet found public expression. English politicians and industrialists, who are openly working in the English and the general interest for a conclusion to the Ruhr conflict such as Germany could accept, are all agreed that such a conclusion still seems very far away. The news that reaches us from the United States shows that influential circles in the Government and in Commerce recognize the significance of the Ruhr conflict for world trade and would like to contribute to a solution, but that public opinion regards the whole matter with indifference or hostility; an American President or an American Government that intervened in the conflict would be confronted with overwhelming opposition from public opinion in the United States. Threads have indeed been joined that may modify the situation, but even so we must wait. In any case we must reckon on having to maintain a Ruhr war for months longer, and look plainly at the results that it will bring upon us.

From this point of view it is commendable that the Reichstag are to consider a programme that is designed to meet the inflation problem and to increase the yield of taxation, so that a large part, at least, of the vast flood of paper money may flow back into the coffers of the Reich. The relation between the Reich expenditure covered

only by paper money, to that which was met by the proceeds of taxation, had finally become impossible. There is no sense in going over the sins of omission in this matter; such a devaluation of the mark could never have been foreseen, and taxation was impotent to deal with it. Not merely the Government but the Reichstag itself was responsible. If by intensive taxation on stable values, and by firmly and promptly calling in currency, which is the main and essential point, we can force the paper money to flow back into the Treasury, the most important steps will have been taken to relieve the intolerable condition of our monetary affairs.

In connection with the neglect of these affairs, the question of a new Government has been vigorously canvassed of late, notably in the Press of the capital. This discussion arose out of an article in the *Germania* which criticized the Government in very sharp fashion and represented it as politically bankrupt. It was asserted at the meeting of the Joint Committee of the Moderate Parties that the article did not represent an official Party manœuvre. It was debated whether certain persons who had grounds for favourably comparing their own Ministerial activities with those of the present Government had perhaps inspired the article. But such a consideration is hardly based on sound psychology. Conditions at present are such that scarcely anyone in any Party would have any interest in intriguing for the Chancellorship or any Ministerial office. Perhaps the point of view of the Centre is correct—that the article arose out of a general discontent with the Government's want of energy.

It is really not the case that the power of Parliament was in any way a hindrance to the pursuance of a free policy by the Cabinet. Parliament in Germany only possesses power so long as it is supported by public opinion. When a Chancellor adopts a foreign policy that is generally supported, Parliament cannot neutralize this policy. If Chancellor Cuno were forced by Parliament to adopt a policy of which he personally disapproved, such an appeal to public opinion would be within his power. In point of fact, such an appeal did not come into question, and the frequent prognostications of an imminent Terror, by means of which the Party leaders induced the Chancellor to send his note to England—a note with the text of which they were unacquainted until they read it in the newspapers—have fortunately not been in much evidence of late. There is no need to look for more superficial reasons when one reason and

one only is adequate to explain the difficulties of our position, namely, our international relations, which are such that even a political Hercules could not put matters right; indeed any Government, whether of the Right or of the Left, would have found itself constrained to carry on a long-drawn-out conflict in the Ruhr, in regard to which it was all-important to ensure that we should not lose our economic breath, or fall into such political variance that the enemy might hope to turn it to his own advantage.

If there ever was a man who did not cling to office, but was ready to lay it down at any moment, it is the Chancellor, Dr Cuno. If the question of a change of Cabinet is to be discussed, it will be desirable to wait and see whether the problems of an economic and financial nature which are to be debated at the next session of the Reichstag may not induce a far-reaching agreement between all Parties. It will then be a matter for consideration whether it would not be ill-advised to effect any change in a Cabinet that has directed our foreign policy hitherto, and which, apart from the possibility of upheaval in home politics, must at least pursue it to some decisive point.

To Dr Jänecke, Hanover.

Aug. 1st, 1923

Once again we are plunged in the usual German Party cleavages and Party conflict, and it is often doubtful which side is the more to blame. No one looks beyond the moment or thinks much of the future, which indeed looks dark enough.

Last week I spent two days in Berlin and had the opportunity of discussing the political situation with the most diverse Party leaders. You telegraphed to me that the state of Foreign Affairs made it essential that the Cuno Cabinet should remain in office. In my view, at present both our home as well as our foreign interests render it unnecessary to reconstruct the Cabinet. It is especially important that we should first await England's answer, so as at least to bring to some conclusion the policy initiated by the Note and the Memorandum. The *Frankfurter Zeitung* has lately stated with justice that the only policy at present is one of dependence on England, since any improvement of our relations with France would involve a surrender of passive resistance.

Before the occupation of the Ruhr the Cuno Cabinet could very well have got into touch with France, and in my opinion should

have done so, as the decisive political centre is in Paris. It was undoubtedly an error to depend on London and Washington. But this error cannot now be made good. Moreover, a change in the Cabinet could only take place if it could be effected without extreme political convulsion; and that seems scarcely possible at present. None the less we must be prepared to consider a change of leader, since Cuno by no means clings to his post, but is on the look-out for any excuse to lay down the Chancellorship. If, in that event, we do not want to imperil our domestic unity, we must do everything in our power to establish, on the basis of a common programme to which the Social Democrats will subscribe, a Cabinet of the Great Coalition under Moderate leadership, or a new Moderate Cabinet with neither Wirth nor Hermes at its head. I do not much care for the idea of a Moderate Cabinet in succession to the Cuno Cabinet, as it would have to rely on the goodwill of the Social Democrats, who would have to be bought all over again at every Government proposal; its task would be much easier if it contained one or two Socialist Ministers.

I am here at Homburg for a cure, but I must give it up in view of the meeting of the Reichstag; I do hope that August will pass without any serious convulsions, as public opinion in Germany has unfortunately been too much and too often convulsed of late.

NOTE.—Aug. 7th. Dollar about 4 millions.

THE FATE OF THE CUNO CABINET

From Cuno's speech:

"One thing is sure: there are no grounds for any large hopes. But free as we may be from any illusions, nothing can rob us of the faith that economic considerations for the future, and a sense of justice, will finally make their way among our opponents. In politics, the way from a belief to an act is a long one, and no one must blame us if the slow rate of progression arouses anxiety. Even now we must brace ourselves for a long continuance of this time of agony."

As regards passive resistance, the Chancellor said that no German Government could agree to abandon the struggle. Indeed he expected little result from a policy of retreat.

"We shall not secure the evacuation of the Ruhr by any more or less approximate date, nor the return to treaty conditions in the

Ruhr. By the complete and absolute submission demanded by France we should merely purchase the presentation to us of another document for our signature imposing intolerable burdens which will be recognized by the whole world as senseless."

In even darker colours the Chancellor paints the future of the currency:

"At home a currency abyss has opened before us that is very perilous indeed. In this matter the Government—and I am sure all those who listen to me—are determined to do everything possible to check this fall, and provide economic stability for the broad masses of our people. The events on the Bourse in the last few days may well lead thinking men to wonder whether there is yet time for this. Certain it is that the time is short."

The more important portions of Stresemann's speech were as follows:

The decision that lies before us goes far deeper than what might find expression in the change of a Cabinet. Let us be under no illusion; what is at stake is the maintenance of constitutional conditions in the Reich, and the moment these cease to exist, the Reich itself is in peril.

Why is the population carrying on this struggle? It is struggling for the inviolability of German soil; for a solution of the Reparations question in a sense that, at the cost of great sacrifices and hard work, will yet preserve us our economic, financial, and social existence. If these conditions can be achieved in Europe, then the documents regarding the resistance in the Ruhr may be put away; it was no more than the mute protest of a people tortured and enslaved beyond endurance.

The Chancellor, in one passage of his speech yesterday, spoke of the idea of justice at last gaining the upper hand and coming to our rescue. Let us be quite clear about this; at present and for some time to come the state of affairs will be such that the entire attitude of the Great Powers will, in the first instance, be dependent on their larger political and individual interests. Differences that thus arise will in the last resort be carried on our back.

If we say that this faith in the State is turning more and more into a feeling of hatred against France, I believe we shall not be far wrong. But I must say so much: this hatred has not always existed. It did not even exist in the War. This hatred is the product of the policy which, since the peace, France has practised against Germany.

To Secretary-General Brettschneider, Brunswick. *August 9th*

We stand before the gravest decisions, that are not to be dispelled by newspaper articles. If you ask me why I did not feel induced to speak against the Government in more uncompromising terms, the reason is that in many quarters I am spoken of as Cuno's successor. Any criticism from me would not, therefore, have been regarded as objective but merely as personal.

Moreover, you overestimate the influences in the country, strong as they are, that are working against the Government. Just as you were urging that it had become necessary to make a vigorous attack on the Government and put an end to its helplessness, our good comrades, your neighbours, from the Hanover branch of the Party, besiege the Party leaders in the Reichstag with wild telegrams to stick to Cuno under all circumstances, because a fall of the Government would be regarded as a surrender of resistance, etc. The most various opinions and tendencies are thus inextricably confused, and the attitude of the country shows as little unity. You have seen how the support of the economic guarantee proposal aroused attacks in Brunswick, though Industry has already declared itself ready to take over the guarantee of the whole gold loan.

Observations by Stresemann at a meeting of the parliamentary group of the German People's Party, August 10th:

The question is not whether we intend to overthrow the Cuno Cabinet or not; it is much more a question of deciding on our policy in case the Cabinet finds itself, in the course of events, compelled to resign. . . . If the Cabinet can, from its inherent vigour, find the resolution to remain we shall of course support it and fight at its side.

Cuno must himself find the strength for this resolution. A leader must himself know whether he can trust his own courage: courage cannot be implanted in him from without.

If developments lead to the resignation of the Cabinet, and the Majority group of the Social Democratic Party offer us the formation of the Great Coalition under Moderate leadership, we shall choose this solution as the most favourable of the three alternatives: Great Coalition—Minority Cabinet under Wirth—Socialist Labour Government; especially as it offers the added attrac-

tion of separating the moderate constitutional wing of the Social Democrats from the Radicals.

As regards personal considerations we should then try to impress our influence as strongly as possible on the Cabinet, and in particular urge that the present Minister of Defence (Gessler) should remain at his post, unless someone like Noske could take his place.

A NEW ENGLISH NOTE

In the middle of this crisis a new Note from England to France and Belgium was made known. It had been adopted by the Baldwin Cabinet on August 9th. Even before the Note was published, a Reuter despatch particularly stressed the fact that London Government circles were glad to observe the Chancellor's statement that Germany expected nothing from England. It was quite erroneous to assume that England was anxious to help Germany out of troubles that she had brought upon herself. The new English Note was stated to be a last attempt to co-operate in the reconstruction of Europe. If this met with no success, the entire Cabinet had decided to withdraw from the affairs of Europe.

The Note was made public on August 11th. It contained a reference to the opinion of the English Crown jurists that France had not the right, without the consent of the other Allies, to apply military sanctions over and above the territory originally occupied. England, the Note said, could never take a part against her Allies, but was not in a position to call upon Germany to give up passive resistance.

CUNO'S RESIGNATION

On the evening of Constitution Day the fate of the Cuno Cabinet was already decided. The newspapers reported that the Social Democratic Group in the Reichstag had decided on a vote of want of confidence against the Government. The Chancellor at once handed his resignation to the President of the Reich.

Stresemann's expectation that Cuno would seize any opportunity to lay down his office was thus confirmed. A large section of the German Press was already reporting that, in the event of a change of Government, it was regarded as a matter of course that Stresemann would be entrusted with the formation of the new Cabinet.

PART II
THE HUNDRED DAYS AS CHANCELLOR

INTRODUCTION

FOR the first time in Germany a Cabinet of the so-called "Great Coalition" was formed, which was supported by the Social Democrats as well as the German People's Party. In the last few weeks before the War a similar conjunction of political forces had existed in the Kingdom of Saxony, under the leadership of the then National Liberal Premier, Dr Heinze, which was only removed from office by the Revolution. The Cabinet of the Great Coalition, thus formed in August 1923, was represented in many quarters as an emergency body; and so it may have been in the eyes of many. But for Stresemann it was undoubtedly more. He was dominated by a great idea when—at the wish of all Parties—he assumed the leadership of this Cabinet. "Fanatic of the Great Coalition"—thus the Parties of the Right tried to bring him into disrepute. Stresemann refused to become the fanatic of a concatenation of Parties organized for the purpose of parliamentary tactics. On the other hand, the idea of the community as a whole, as Stresemann himself said, "I have always persistently and energetically supported. This conception runs like a red thread through all my utterances, and is perhaps the underlying purpose of my whole political outlook." In conflict with the representative of the conservative-patriarchal system, the General Secretary of the Central Association of German Industrialists, who at the same time represented the idea of being "master in one's own house", and at a time of brilliant prospects for German Industry could only much against his will be induced to come to terms with German Social policy,—in the first years of the new century the Secretary of the Saxon Industrialists' Association, then twenty-three years old, came into prominence. He wanted to further the idea of peace between employers, employed, and workmen by a steady pursuance of social policy, in a conscious attempt at reconciliation between both classes, and the creation of a unifying body in the common national interest of masters and men. In the War, Stresemann found this attitude confirmed when, in the defence of the Fatherland, whether in the trenches or at home, every man did his duty and no one asked his neighbour to what Party he belonged. The consequence

of this fact, the creation, shortly after the Revolution, of the Central Association of German Employers and Employees, under the leadership of heavy Industry, was warmly welcomed by Stresemann. In the year 1919, upon the occasion of the foundation of the National Association of German Industry, the Industrialists' League yielded to the ancient enmity of heavy Industry, and sacrificed its Vice-President, who during the War had also served as acting-chairman of the War Committee of German Industry, and flung his whole political and business activity into the scale. This extrusion from a sphere of work that meant much to him personally, no doubt caused especial regret to Stresemann because, on ceasing to be connected with industrial organization, he was no longer able to exercise any direct influence on relations between employers and employed.

If Stresemann, therefore, in his idealistic view of the conception of the Great Coalition as an expression of the community as a whole, could only conceive the restoration of the Fatherland as possible on the basis of the unity of all classes and all social strata, he was also not unmindful of the fact that, in the years after the War, when a vote was called for to retain German territory for the Reich, and all depended on the support of the broad mass of the people, those whose politics found expression in the Social Democratic Party stood firm for the German Fatherland. Ultimately, too, apart from Stresemann's idealistic attitude, it was very likely the attitude of the German working class during the period of passive resistance that made him a popular leader at a time of the deepest disaster. Furthermore, it was part of Stresemann's spiritual and mental structure to shape his faith in an idea and its realization before he entered on the struggle.

The difficulty of his task, the plethora of problems that arose and beset him every day, the burden of responsibility for a people once again defeated in the Ruhr war, becomes only too clear in the second section of this book. Later on, when the Reich had passed through that deep valley of a second defeat, Stresemann burst out more than once against the flood of attacks, abuse, and slander: "Why does the German people forget so soon?"

The mere physical labour that Stresemann had to cope with during his term of office went far beyond the legal eight-hour day, and indeed amounted to a daily sixteen or eighteen hours. But



[Photo: Keystone View Co.]

THE CHANCELLOR'S PALACE DURING HERR STRESEMANN'S OCCUPATION

heavier and more decisive than all this was the spiritual burden of the leadership of the German people at such a time.

The headlong fall in the currency, the consequent menace of famine, the communist peril fomented by Russia in Central Germany, as Zinoviev himself confessed, Bavaria—"fighting to the last Rhinelander", the need to put an end to the Ruhr war which had already been lost, an irreconcilable, half-sated Poincaré across the Rhine, a superficially benevolent, but passive England; and in addition to all this a daily guerilla warfare in Parliament which incessantly endangered his great work.

Such, in its main features, was the situation that confronted Stresemann on that 13th of August when he stepped on to the Captain's bridge of the ship that bore the name of Germany. Stresemann himself rendered an account of his Chancellorship in a series of articles in his own weekly *Deutsche Stimmen*. The articles were later collected and issued in a small volume called *Stresemann's Cabinet*. The political situation in the early spring of 1924 was such that it was not convenient that the name of the real author should appear on the title page, so his collaborator, Henry Bernhard, figured as author; he had indeed had some share in the publication, but his functions had been mainly editorial. Certain passages have been utilized in the following section and are marked with an asterisk.

The struggle to maintain the nation and the Reich lasted for about a hundred days. On August 13th Stresemann formed the first Cabinet of the Great Coalition, and on October 15th there followed the second Cabinet of the Great Coalition. Stresemann fell with a Rump Cabinet on November 23rd, 1923. He fell in open fight, while asking Parliament for a vote of confidence in his policy.

THE FIRST CABINET

A CREDIT BALANCE

*SUPERFICIALLY regarded, the Stresemann Cabinet seems to be a failure. During its brief duration of a hundred days it had to surmount two crises, and continually contend with internal difficulties, not to mention difficulties within the Cabinet—difficulties that were not confined to the natural contentions between Social Democrats and Moderates. None the less this Cabinet may be regarded as having left a balance to its credit. Its activities indeed began at a time of deep moral depression during the collapse of resistance in the Ruhr, at a time of scanty production owing to low production power, and of the severest fall in currency that the German people has ever experienced. It survived the Communist revolt in Saxony and Thuringia, and the Nationalist revolution in Bavaria. When the Cabinet resigned, the Rentenmark had been created, Central Germany was pacified, the Bavarian revolt had been broken, the Rhineland question, which for a time had worn such an aspect that it seemed as though we should be likely to lose the Rhineland, had been rendered less acute by the growth of a better feeling in the country, and in foreign affairs the way had been made clear for further development, by a policy that had found the courage to end the war in the Ruhr. When the Stresemann Cabinet began its work, only a percentage of public expenditure was balanced by receipts; when it came to an end, the balancing of the Budget had been carried so far forward by the measures described that a great step had been taken towards the restoration of German economic life.

The members of the Cabinet are unpopular on many grounds in Germany of to-day; officials who have lost their posts, or whose salaries have been ruthlessly cut down; Industry, at present groaning under taxation—all these see only one side of their distress and their poverty. Having regard, however, to German development as a whole, it is not unfair to say the period of transition from the deepest collapse of the currency until its stabilization, the period from the printing of paper notes until the Budget was balanced,

and the period during which it proved possible to re-establish the authority of the State in a time of terrible political disorder, could never have occurred unless these men had possessed the courage to pursue an unpopular policy.

Thus the Stresemann Cabinet, assailed by the criticism of the present time, may calmly await the verdict of an impartial future.

(The above is Stresemann's own estimate after his resignation from the Chancellorship.)

EBERT AND STRESEMANN

Immediately Stresemann had received Ebert's instructions to form a Cabinet, he made the following statement to the representatives of the Press:

In the course of the afternoon of August 12th the President of the Reich received in succession the leaders of the Social Democrats, the Democrats, the Centre, and the Bavarian People's Party. All proposed me as Chancellor. At 9.30 in the evening he conveyed to me his request that I would form a Cabinet. I undertook the charge, after the Parliamentary Group of the German People's Party had empowered me, as their chairman, to do so.

I regard the situation as strained, though I would not call it unfavourable. As regards foreign affairs, England's last move in Paris calls for special attention; at home, the Communist efforts to provoke a general strike in Central Germany call for counter-measures.

There is no sense now in talking about the past. We must turn our eyes towards the future and apply ourselves to work.

The Social Democrats raised personal objections to the former Reichswehr Minister, Gessler, who was to have held this office in Stresemann's Cabinet, subsequently withdrawing these objections.

Difficulties regarding the Portfolio of the Interior, which was claimed by both the Centre and the Social Democrats, were resolved by the Chancellor, so that the Cabinet was ready by the morning of August 14th.

PERSONNEL OF THE CABINET

SCHMIDT: Vice-Chancellor and Minister for Reconstruction (Social Democrat).

SOLLMANN: Minister of the Interior (Social Democrat).

DR HILFERDING: Minister of Finance (Social Democrat).

DR RADBRUCH: Minister of Justice (Social Democrat).

VON RAUMER: Board of Trade (German People's Party).

BRAUNS: Minister of Labour (Centre).

OESER: Minister of Communications (Democrat).

DR LUTHER: Minister of Food and Agriculture (Non-Party).

DR GESSLER: Reichswehr Minister (Democrat).

DR FUCHS: Minister for the Occupied Territories (Centre). A Department founded by Stresemann.

DR HÖFLE: Post Office.

The Foreign Ministry was taken charge of by Stresemann in person. Von Rheinbaben, of the People's Party, was appointed Secretary of State to the Chancellor's Department; and Ministerialdirektor Kalle, Head of the Press Section.

Regarding his first Cabinet Stresemann wrote:

*The Cabinet itself consisted mainly of members of Parliament. After the late Chancellor, Dr Cuno, in giving reasons for tendering his resignation, had laid particular stress on the necessity for broadening the basis of the Cabinet, it was natural that the Chancellor should seek the support of the Groups constituting the Great Coalition in putting forward his policy, and indeed this was the basis of his authority. The only non-parliamentary members of the first Cabinet were Dr Luther and Dr Fuchs. The Chancellor was reproached for not producing different colleagues. Erkelenz, member of the Reichstag, wrote in an article in the *Hilfe*: "A man like Stresemann must have known that he would be called upon and should have had his Cabinet ready in his pocket". Upon this it may be remarked that the leader of a Party cannot regard himself as a permanent candidate for the Chancellorship, and take steps to build up a Cabinet at a time when he merely conceives it possible he will be called upon, without arousing the sharpest criticism of, perhaps, those very people who subsequently reproach him for not having formed a Cabinet. Anyone who knows the dispositions made by Dr Stresemann a few weeks before he was appointed to office is well aware how little he contemplated such a summons at that time.

THE PARLIAMENTARY FOUNDATION

The Stresemann Cabinet received a vote of confidence by 240 votes, as against 76 of the German National, the German Popular, and the Communist Parties.

The Government Coalition consisted of the Centre, the Social Democrats, the Democrats, and the German People's Party. The Bavarian People's Party abstained from voting. Against the names of several deputies belonging to the Left Wing of the Social Democratic Party (former Independents and deputies from Saxony), as against those of about twenty members of the German People's Party, the word "absent" appears on the voting list. Thirteen deputies belonging to the Stresemann group intentionally withdrew from the division as an expression of their dissatisfaction with the personal composition of the Cabinet.

From Stresemann's speech in the Reichstag:

The character of the new Cabinet is fixed by the circumstances of its origin: it was built up on a parliamentary basis, and came into existence at an exceptional time that calls for much exercise of responsibility. Both in home and foreign affairs we are confronted by great crises and great decisions. These decisions demand the concentration of all those forces that lie behind the Constitutional idea of the State. We hope that public opinion will support the Government in its effort to maintain order and security.

In the present democratic age battles can only be won with the support of the public opinion of the country. This applies to domestic affairs as well as to the struggle on the Ruhr and on the Rhine. In these struggles the entire public opinion of Germany has been decisively roused against the violation of German rights. It is questionable whether France and Belgium have the support of such a public opinion. How strong must be the impression of the injustice inflicted upon Germany, when the English Note to France, dated the 11th of August, in spite of the close relations between the Allies, exposes this injustice to the public opinion of the world! The passive resistance of the German population has its deepest roots in a steady consciousness of sound German justice, which has been unmistakeably recognized by the British Government. Although the observations contained in the English Note regarding the inequity of the occupation of the Ruhr are not likely to lead forthwith to a solution of the questions of the Rhine and the Ruhr, we may assume that the British pronouncement will not remain without an echo in France and Belgium. The Government of the Reich proposes, for its part, that the question of the justice or injustice of the dealings with the Ruhr shall be submitted to an international court of arbitration. We do not doubt that any

impartial decision would place us once more in authority over the Ruhr.

The consolidation of our political and economic affairs is a condition of a resumption of the deliveries in kind, which, as a result of the economic disorder produced in Germany by the occupation of the Ruhr, had to be suspended.

We are expected to show activity in foreign affairs. The best activity of that kind which we can display is in the settlement of our own affairs at home. We must declare war against everyone who makes it more difficult to provide for the needs and nourishment of the people and the restoration of healthy economic conditions. Anyone who, either in production or in trade, withholds agricultural products with a view to higher profit, commits a crime against the German people; and anyone who is responsible for a strike at harvest time is doing the same.

The Government is unanimously of the opinion that the security of its measures should be guaranteed by the Reichsbank and its board of management. The urgent distress of the present time calls for immediate action. For this reason the Government has not attempted to give anything like a programme in the Chancellor's pronouncement. Programmes are no longer of any use unless measures of relief are taken at once.

We need your confidence for our work. By your confidence, proclaim to Germany and to all the world that the German Parliament is united at a time of difficulty. Only by an emphatic announcement of its will to live can the German nation once more build a road to freedom. He alone is lost who himself surrenders. We have the right to believe in Germany's future and we have the task of securing it.

THE FALLING MARK AND THE REICHSBANK

The decision taken at the meeting of the Cabinet on August 20th to take immediate and far-reaching measures to deal with the economic situation, after sounding the various Party leaders, was the result of a long Cabinet discussion in which Stresemann and his Ministers again reviewed the very serious political and economic state of affairs. The dollar, which on August 13th stood at 3·7 millions, rose in a few days to 6 millions. Prices were soaring. There were wage disputes and strike movements all over the country, and the food situation was precarious. Hence a great intensification of

Communitistic, and Bolshevik National popular movements on the Right; the spectre of separatism in Bavaria was more than menacing, and similar events that aroused apprehensions regarding Saxony and Thuringia loomed in the background.

Stresemann, in agreement with the President of the Reich and his Cabinet colleagues, emphasized the necessity of adopting the proposed economic measures designed to introduce some order into home affairs, without the co-operation of the Reichstag. A matter causing a special anxiety was the position in the occupied territories.

In reply to a suggestion that it might be possible to raise a foreign loan in connection with the forced loan on foreign currencies, Stresemann said that there was no possibility of a loan until the finances of the country had been set in order. At the second part of the meeting the Cabinet dealt with the question of the administration of the Reichsbank. Stresemann himself stated that the policy of the Reichsbank had had, for a long time, a not altogether favourable effect on German currency, and in order to provide for an alteration in the direction of the Reichsbank he suggested an alteration in the autonomy law by which the resignation of the President of the Reichsbank could not be demanded. In an interview with Havenstein the Chancellor had proposed that he should retire; but the latter had not fallen in with this suggestion and had, indeed, made a detailed defence of the Reichsbank's policy; however, he proposed to provide, in the future, for balances to be kept in gold.

Von Raumer, the Minister for Trade, had been present at this interview, and confirmed Stresemann's statement; he said that after the Chancellor's observations Havenstein had really no alternative but to resign, and he expressed the fear that the Ministry would have no success with Havenstein. Herr von Raumer was then charged to request the President of the Reich to intervene in the matter.

FEELING IN THE RHINELAND

Note by Stresemann:

Herr Otto Wolff [an industrial magnate] from Cologne came to the Chancellery to-day [August 21st] and in the course of a talk gave me the following information:

At the invitation of General Denvignes [economic adviser to

General Degoutte, the Commander-in-Chief of the French troops in the Ruhr] he had an interview with him regarding the Rhineland. He (General Denvignes) had asked what could be done to smooth the situation in the Rhineland. He was especially interested to know what prospect there was of industrial co-operation with France. He (Wolff) had told General Denvignes that the first step towards such an understanding must come from France. What France was doing at present served merely to intensify the desire for revenge in Germany. They must stop maltreating the population and trying to sequester property. There was no sense in France attempting to get hold of German property, for the workmen would not dream of working under French domination to any extent that would be of use to the French. He regarded a political understanding between Germany and France as essential, as also an economic co-operation between the two countries. In any case France would have to begin by placing money at Germany's disposal to help her to reconstruct her economic life.

Denvignes was extremely surprised at this statement. He (Wolff) had then contended that there was no money available in Germany at present, that the Phoenix Works alone needed 30 million gold marks to resume work, and that mutual profits could only be earned if German and French industry co-operated. Germany would, within the limits of her capacity, make good the French war damages. On the other hand it was not necessary to go on paying such damages to the other States of the Entente, whereupon Denvignes replied that this would run counter to French feeling.

Denvignes expressly stated that Poincaré was of opinion that a direct ownership of German property by France did not come into question. Denvignes stressed the fact that ideas such as those of Rechberg¹ aroused no interest in France and were to be disregarded. What concerned France was apparently the delivery of Ruhr coal and coke, as to which certain binding agreements had better be concluded.

Herr Wolff described the atmosphere in the Rhineland as very bad. The state of affairs was approaching anarchy. He had the impression that the Separatist movement had made tremendous strides. It was a matter of weeks. The Government itself must take

¹ A talented sculptor, and writer on art and economics; and something of a *persona grata* in France. His scheme involved French participation in German industries

the lead, or the situation would drift into disaster. He had a feeling that there would be support for the foundation of a Rhine State, which would include a section of the Ruhr, because the Rhinelanders were too weak. The railways might be under Franco-German administration for a period of transition, with the subsequent assistance of Dutch and Swiss representatives.

He had not spoken of these matters to Denvignes, but he did say that he would do nothing without sounding the Government.

I merely listened to Herr Wolff's statement, there being no time for me to make any comment.

DISTRESS AMONG THE INTELLECTUAL CLASSES

Under the leadership of Dr Otto Everling, member of the Reichstag, the Executive Committee of the newly formed Relief Association for the professional and learned classes in distress, waited on the Chancellor. Stresemann's reply:

It is easy to get the impression that all the problems that trouble the world to-day are concentrated on economic and financial questions, and the idea arises that the period after the War and the revolution, as a result of the condition in which Germany finds herself, bears the character of a material age to a much greater extent than was the case after 1871, owing to an economic and industrial development that unfortunately proceeded too fast. Anyone who takes such a view ignores, I think, the true motive factors in the rise and fall of nations. You have spoken of the destruction of the intellectual stratum of Society. Not long ago, in the Reichstag, I made a comparison that was directed against France; I asked which had lost the most, a nation that had to lament the ruins of houses and factories in one of its provinces, which could be built up again in a few years, or a nation that had lost those who embodied its culture, to the extent which has been the case in Germany.

This loss of the cultivated class, the replacement of which will take a much longer time than the rebuilding of ruins, would be disastrous. I entirely recognize the duty of the State to come more especially to the aid of these classes, for if they have fallen into distress, they have done so owing to their patriotism.

They were the patriots, the supporters of the War loans, the owners of all the wealth that has vanished. They represented

that attitude in German life that did not express itself in speculation, but in savings-deposits and mortgages, and all manner of such values that have since disappeared; they would have nothing to do with speculation, but desired no more than to lay a sound foundation of property from the earnings of a laborious life.

If the State was not in the position to obviate the fall in the currency, the consequences of a lost war and a brutal continuance of outrage against the German people, of which we have latterly felt the burden more than ever, the State has at least the obligation to take measures to assist these people above all, protecting them from further impositions and helping them to recover their position. But that is not the sole problem. So far as we are able to see, as the result of the course of events certain attitudes of mind have now become common in Germany which are unsound and must be dispelled. The tendency is to lose the distinction between practical and spiritual work. In many cases, things have simply been reversed. There is no attempt to differentiate between qualitative effectiveness and simple manual labour. But men are not equal. Men are differentiated and their spiritual energies are distinct. From the people come the forces that strive upwards. A suppression of the forces that surge upwards from the people, and are marked out for leadership, is a levelling process that we cannot tolerate. Only if we can produce more men of mind than other nations can we replace what we lost by losing the War.

Then a third point: we see in our development to-day symptoms that seem to me extraordinarily disquieting. As a result of the fall in our currency we see on one side, an ever greater concentration of powerful forces, and on the other, an ever-increasing figure of dependent existences. I should not feel happy in a country in which, between the great masses and the few Magnates of Capital, there was not a large middle class, not only intellectual but professional. If I am also of opinion that talents do not come solely from the cottage, I look to see a sound admixture such as we had before, that out of modest beginnings a young man may work his way upwards to a position denied to his father. The respect for intellect which we previously possessed, and the respect shown to intellect by wealth, must be revived. A strong intellectual middle class in Germany is a most effective asset in our foreign policy at a time when we are deprived of the assets of political power or of a German army.

Where is the intellectual middle class of the Germany of to-day? The foreigner sees the bustle of our great cities, the new wealth, and asks himself: What has changed in Germany? I recall the lines of the poet: "The world would have no soul were it not for Germany". We must see that other countries do not lose sight of the spiritual side of Germany, and do not always talk of iron, coal, cotton, and such matters. We lived through a hard time, after the collapse of Prussia that followed the Peace of Tilsit. I think the period from 1807 to 1813 the greatest period in the history of a people, more so than the years of triumph. Prussia had been robbed just as we have been, and there were troops of occupation even in her remotest cities. At that time Prussia gave the world a great example by the foundation of the University of Berlin in the midst of profound economic and financial distress. It was inaugurated with the remarkable words spoken by a Prussian king: "The State must replace by spiritual forces the physical forces it has lost". I will not say hard things about the Berlin of to-day. Perhaps we have lost in prestige because those who come to visit us get the impression that we cannot bear our misfortune with dignity, but abandon ourselves to the intoxication of unworthy pleasures. If your committee, at a time of bitter defeat—a time that will endure for a long while—labours to awaken the moral driving forces of the nation and revives a consciousness of the significance of the spiritual side of life, you will lay the foundation of a restoration of Germany.

FOREIGN POLITICAL ANXIETIES

The French reply to the English Note of August 11th (French Yellow Book) dealt with passive resistance. If Germany abandoned passive resistance, the occupation of the Ruhr, subject to progressive evacuation, would continue, but under entirely altered conditions. In this case the French Note referred to "invisible occupation". For the rest, the Note refused a committee of international experts: the Reparations Commission alone had been given full power by the Treaty of Versailles to investigate Germany's capacity to pay.

The Cabinet meeting of August 23rd considered in detail the position in regard to Foreign Affairs:

Stresemann stated that Germany's position was now a little less desperate. It was true that no material help was at the moment to

be expected from England; but England was doing her best to isolate France, bring in Italy and Belgium on her side, and interest America in the solution of Reparations. Any suggestion as to admission to the League of Nations was not a matter for consideration at the moment. The real danger, quite apart from the desperate financial situation and the insecurity in home affairs, was that passive resistance might break down at the outset of winter, the population of the occupied territories having become thoroughly demoralized. There was no direct means of negotiating with France. It was not possible for Germany to deal with England or France separately; the negotiating factor on the other side was the Entente as a whole. France demanded positive pledges, and a share in what was assumed to be the undamaged commerce of Germany. It was essential to prepare the German people for grave discussions which would not be possible without concessions. The Ruhr war must be regarded as honourably concluded if the sovereignty of the German Reich remained intact.

On August 24th Stresemann delivered an address at the German Trade and Industry Association celebrations, in the course of which, while reiterating the May offer of the Cuno Government to the occupying Powers, he said:

For the freedom of German soil, for the preservation of our sovereignty, for the consolidation of our national life, the present Government does not consider it too high a sacrifice to offer a part of German industry as a productive pledge for the fulfilment of German Reparations obligations.

But a hypothecation, however temporary, of the Ruhr itself, the transfer of the Rhineland railways, or of individual mines or properties on the Rhine or in the Ruhr, cannot be regarded by us as a foundation of the solution of the Reparations question. The question of the German Rhineland is, for us, no question of compromise; for every German worthy of the name, and for every German Party, only one aim: The German Rhine within a united German Reich.

STRESEMANN IN BAVARIA

Regarding the interview on August 25th between Stresemann and von Knilling, at which Geheimrat Dr Held, the leader of the Bavarian People's Party, and Dr von Preger were present, the following brief statement was published:

“Upon the occasion of his personal visit to the Bavarian Premier, the Chancellor took the opportunity to discuss the most important questions in home and foreign affairs, and more especially the relations between the Reich and the individual States. In connection with home affairs, particular attention was given to the economic measures that would have to be taken at once to deal with the prevalent distress, in the course of which the conditions for a co-operation between the Reich and Bavaria were once more formulated and agreed.”

Knilling announced at some Bavarian celebrations at Tuntenhäusen on September 16th, 1923:

He (Knilling) had told the Chancellor candidly that the new Cabinet could not expect him to give it the same measure of his confidence as he had done to the Cuno Cabinet. Dr Stresemann had said that, for his part, he proposed to do his best to reach a good understanding with Bavaria. Knilling had informed the Chancellor what economic steps it was thought should be taken for the benefit of Bavaria.

On his departure from Munich the Chancellor met on the railway station a member of the Bavarian Diet, Burger, who broke into a short holiday to hurry to Munich. The conversation concluded with the words, which were heard by many bystanders: “If we are in for a difficult time, I must know that all my friends stand behind me”.

Later on after his return, Stresemann described the state of feeling in Bavaria:

*The reception with which the Cabinet were at first greeted by Bavarian public opinion was icy, if not actually hostile. The Knilling Ministry was in a difficult position. Herr von Knilling thought he controlled the National Associations, whereas, in fact, the Associations controlled him. At the interview that he had with the Chancellor in the company of the leader of the Bavarian People's Party, Herr Geheimrat Held, it proved finally possible to reach a *modus vivendi* regarding the relations between the Reich and Bavaria, and it is permissible to hope for a sympathetic co-operation between the two Governments, the more so as the Reich Finance Minister, Dr Hilferding, whose personal attitude was especially hostile, took more account of the Bavarian views in connection with the increased taxation than any Finance Minister before him.

QUESTIONS TO POINCARÉ

In connection with an interview with the French Ambassador, de Margerie, on September 3rd, Stresemann writes as follows:

I made a point of telling the Ambassador, who referred to my journey to Stuttgart and asked me whether I was not exhausted by my efforts of the last few days, that I had had an opportunity at Stuttgart of continuing the discussion which I had begun in my speech before the Association of Trade and Industry. I had been especially concerned to answer the criticism that the *Temps* had published regarding this speech. It seemed to me necessary that I should discuss the question whether any understanding was possible between the existing French attitude towards the solution of the Reparations problem, and the principles that I represented. Hitherto little notice had been taken in France of my activities, except in the *Temps*, which might perhaps be regarded as the official journal.

The Ambassador was kind enough to inform me that when the French Prime Minister made his speech on the previous Sunday (26.8) he had not seen the report of my speech of the 24th, a statement which Herr von Moltke incidentally and at once confirmed. I had all the more expected that in his speech of yesterday he might have dealt with this question too. The Cabinet had applied itself to the task of settling the Ruhr conflict. But it was important to know how to proceed. On that account I took occasion to discuss the matter with him because I was of the opinion that there was no purpose in making contact with various unofficial persons, which might perhaps give rise to misunderstandings.

The Ambassador, after a few observations on the character of the French official Press, remarked that France had plainly stated her attitude on this question, first in a note to the British Government, and also in those documents in the French Yellow Book that discuss individual points in detail. France was very ready to go into the question, but he thought it his duty to make clear that the French Premier had repeatedly laid down the cessation of passive resistance as a preliminary to any official discussion, and that he was personally of the opinion that it was hardly possible to move Herr Poincaré from this attitude. It was therefore of the greatest importance to discover the views of the German Government on this question.

I replied that I was very ready to discuss the matter; but I thought fit to emphasize the distinction between the official activities of, for instance, an international Commission such as are carried on under the public eye, and the official exchange of views

that I had in mind. The general state of feeling in Germany was such that no Government could maintain itself which gave up passive resistance without obtaining an honourable conclusion to the conflict in the Ruhr. It ought to be realized in France that Germany was still alarmed by the recollections of the Armistice. That Armistice had not been unconditional; indeed the conditions on which it was concluded had been made known in a telegram to Mr Lansing. But the treaty of peace had not been drawn up in accordance with those conditions. An unconditional abandonment of passive resistance by the Government would neither be understood nor approved in Germany if it did not contain the certainty that an honourable understanding would follow. I pointed out to the Ambassador that the *Kölnische Zeitung* had urged the Government to set themselves against any relaxation, even, of passive resistance, although that journal was in close touch with my Party and was one of the papers that were in close touch with the Government.

I should on that account be extremely sorry if no progress were made in this connection; and I suggested that a basis of understanding might be found in the formula devised by England in the Note of June 10th.

At this point the Ambassador promptly interrupted me to say that the view of France was that the conflict in the Ruhr was a matter that concerned only France, Belgium, and Germany. England was not involved in the affair and would not be disposed to suggest any solution of the problem. I replied that this question could be easily disposed of formally on the basis that Germany should eventually adopt the English formula. I felt bound to traverse the view that the conflict in the Ruhr was an affair that concerned only Germany and France. England might, for example, take the attitude that a solution of the problem most urgently touched English interests, in so far as Germany might be rendered incapable of any further Reparations payments. That was also the case with Italy, which was interested in the maintenance of Germany's capacity to pay. I thought it important for the formulation of a policy by the German Government that they should be clear whether the existing French policy was unalterable, or whether there was a chance of an understanding on certain questions in a conversation that should be held between the Ambassador and myself. The following were the points that especially interested us:

(1) France wanted to create productive pledges for herself by

founding an international Railway Company in the Rhineland, and annexing German mines in the Ruhr. The German Government takes the view that productive pledges are to be created by a hypothecation of industry and agriculture, and by pledging part of the property of the Reich. The German view has met with general approval in England; and in Italy too the German proposals have been found acceptable. It must be ascertained whether these proposals do not offer some way of agreement.

(2) We are concerned to know whether France's anxiety to secure her supplies of coal and coke could not be met by a sort of mortgage on the total German production, through inter-State treaties, or private agreements guaranteed by the State, that should solve the problem.

(3) A closer relation between French and German Industry, especially as regards some of the main German industries, might well lead to an economic agreement with France. Would this be welcome? Private information on the point is doubtful and contradictory. We are anxious to be put in possession of the French attitude in this matter.

(4) The hypothecation of German Industry, and the pledging of the property of the Reich, will probably bring up the question of deliveries in kind. The question of the extent and amount of these deliveries is one that needs settlement.

Before this discussion I had mentioned the question of safeguards, and in connection with the clause on this subject in the Belgian Note to England, I raised the question whether France thought that the proposal of a Rhine Pact was likely to contribute to these safeguards. I referred to the point as I had taken a great interest in the Cuno Government's proposal, though at the same time I thought it not very happily formulated, especially as regards the question of a plebiscite and the limitation of the agreement to a generation. The Ambassador replied that the rejection of the proposal, though in unofficial form, by the American Secretary of State, Hughes, had to his knowledge been largely due to the details to which I myself had alluded. He did not know the views of the French Government on the point. He personally took the view that the Treaty of Versailles offered sufficient safeguards for France, and that no special agreement was needed. In connection with my reference to the English proposal for the conclusion of the passive resistance in the Ruhr, I laid stress on the fact that a surrender of

this weapon was only possible if the future status of the Ruhr was definitely settled. Without the Ruhr, Germany would be definitely unable to keep up her payments; moreover, the deportees must be allowed to return at once, and the prisoners released. Unless an orderly Government were established there was a danger that the Ruhr might lapse into anarchy, which would be to the interest of neither Germany nor France. In reply to a suggestion thrown out by the ambassador that the Ruhr should be evacuated in stages proportionate to the payments made by Germany, I insisted that such a solution appeared to me only possible on the basis that the moment the pledges became effective, *i.e.* when an international Trustee Company had been established to receive the interest, the Ruhr should be evacuated at once.

I took occasion in the course of the interview to deal with the question of an international loan, and emphasized the fact that the interest receipts from these pledges, which gave the opportunity for an international loan, would place France in the position to raise money at once.

At the close of the interview I made it clear that I was speaking only on my own behalf, as I had had no opportunity of discussing these questions with the Cabinet. I could of course only take part in such a discussion if it maintained its semi-official character, and was not made known to the Press. It seemed to me, for instance, impossible to allow any reference to this interview and its subject in the *Temps*, and I would prevent any mention of it in the German Press. I asked him to report the interview to the French Prime Minister alone, and I would report it to the Secretary of State, von Maltzan, and to no one else. The Ambassador assured me that he would duly treat the interview as confidential, and said he would visit me again when he had received the French Premier's reply.

DISCUSSION WITH ENGLAND

On September 3rd Lord D'Abernon had a conversation with Secretary of State Freiherr von Maltzan which also referred to the subject of Stresemann's speech at Stuttgart.

D'Abernon said that he regarded Stresemann's speech as an able and significant pronouncement on home and foreign affairs, which could be used by France as a basis for negotiations if she chose. He emphasized the fact that England was desirous of being kept discreetly informed of any Franco-German negotiations regarding

the Ruhr that did not touch upon the question of Reparations. D'Abernon saw the possibility of a settlement on these lines: immediately upon the abandonment of passive resistance on the basis of a "gentleman's agreement" the prisoners would be released, the railways given back, and the stress of the occupation relaxed. Further negotiations between Germany and the Allies could then be carried on.

BERLIN, Sept. 4th

Stresemann discussed the Note of July 20th with D'Abernon and the decision of the German Government to proceed on the basis of that Note. [*England had proposed the abandonment of passive resistance, upon which the civil administration was to be restored and the Ruhr progressively evacuated.*] He discussed the general situation and made it clear to Lord D'Abernon how serious the situation was and that something must be done very soon. He urged especially that the English must take some action shortly as Germany would otherwise be forced to come to an arrangement with the French.

Stresemann also mentioned to Lord D'Abernon his conversation with the French Ambassador. He complained especially of the recent decrees issued by the Rhineland Commission, and also that England had associated herself in such matters.

Stresemann addressed himself to English public opinion on September 4th in an interview that he gave to the Berlin correspondent of the *Daily Express*:

He would not, he said, presume to give advice to Great Britain; he had himself anxieties enough of his own. But the Reparation of War damage was an economic problem, the solution of which was only possible on the basis of the common interests of the nations concerned. England wanted her share of these payments, and Germany was willing to pay. But so long as the Ruhr was occupied Germany was practically incapable of doing so. Before the European War Germany had been England's best customer and the largest purchaser of the products of the British Dominions. The entire policy of the German Government aimed at the restoration of German economic life. The Treaty of Versailles, on which the occupation of the Rhineland was based, laid on Germany not merely an obligation to submit to such occupation, it also gave her the right to claim that the occupation should be inter-Allied and not undertaken by individual Powers.

PASSIVE RESISTANCE AT AN END?

The dollar exchange reached an alarming height: 33·3 millions of paper marks. The appalling condition of the State finances is indicated by the fact that on September 5th the Minister of Finance, Hilferding, informed the Officials' Associations that the usual quarterly advance payments would be discontinued. The Ruhr was seething with Syndicalists, who offered themselves to the French, and Separatists, who demanded the separation of the Rhine and the Ruhr from the Reich. From these the Communists stood aloof. Meanwhile passive resistance was collapsing.

The Cabinet, on September 6th, had to consider whether the Ruhr credits could continue to be paid at the present amount, in view of the devaluation of money. Non-payment would mean the suspension of work, and therewith, for all practical purposes, the abandonment of passive resistance. At this meeting it was already established that, according to the views of the representatives of the occupied area, it appeared to be possible to carry on the Ruhr war only for a few weeks more. The Cabinet decided to pay the credits asked for, but immediately to take steps to effect a successive reduction of these credits in the future.

"THE GREAT MAN KNOWS WHEN TO YIELD"

In an address to the representatives of the foreign Press, who gave a dinner in the Chancellor's honour on September 6th, Stresemann spoke as follows:

The great man knows when to yield. This phrase occurs in a work that Goethe wrote during a great war, *The Awakening of Epimenides*. I should like to put it forward as a symbol of the policy that I have to pursue. Compliance in all material things. A people is not great for being rich and endowed with many possessions; a people is great through the spiritual forces at its disposal. Compliance in material things, but uncompliance in the defence of German soil, of which not one stone must be sacrificed—compliance on the one side and uncompliance on the other—such is the policy which I acknowledge and shall pursue. If Germany maintains the frontiers to which we have a right and the sovereignty that is guaranteed to us, we shall be prepared to make those cheaper sacrifices that are demanded. If the world desires to recover peace,

if it realizes that this great age is not merely concerned with the relations of one nation to another, but with an idea that is more than a phrase, an idea of European culture, an idea of human development, then the statesmen who know their age and realize what is at stake will at last give their allegiance to this conception and feel an obligation to conclude a final peace, for which we are now ready, and the establishment of which I regard as the first task of the Cabinet that bears my name.

I do not ask you to refrain from criticism, I merely beg you to take an objective view of what is going on here in Central Europe and here in Germany, without which and in opposition to which, no progress can be made. At a time when the relations of the peoples have contracted, when the number of those who look on foreign shores is smaller than before, an especially important task falls to your lot. You are the connecting link, the great clearing station for the transmission of spiritual ideas, that bridge frontiers and seas, now that the individual no longer has the opportunity—it is certainly denied to us—of crossing those frontiers and setting foot upon those bridges. And whatever the Press does in these times, whether it brings peace or lays the foundations for enduring hatred, history one day will judge. Reflect, therefore: the honour of mankind is in your hands; preserve it.

RETROSPECT AND PROSPECT

The main lines of Stresemann's policy (notes for a speech to his Foreign Committee of the Reichsrat):

Sept. 7th, 1923

The position as regards foreign affairs, with which the new Cabinet was confronted, was decisively and conclusively dominated by the state of war in the Ruhr and on the Rhine.

The former Chancellor, Dr Cuno, had, at the beginning of the invasion of the Ruhr, coined the formula: No negotiation without previous evacuation. In opposition to this, France and Belgium had taken their stand on the stipulation: No negotiation without abandonment of passive resistance, and more especially the withdrawal of all the decrees of the German Government relating to passive resistance.

Immediately before the resignation of the Cuno Cabinet, England had on August 11th addressed the now well-known Note

to the French Government in which the invasion of the Ruhr was described as illegal. However valuable this juridical attitude may be for the present, from the moral point of view, and, for the future, from the political point of view, a sober estimate of the whole English attitude during the Ruhr crisis cannot but reach the conclusion that the attitude of that country towards the Ruhr conflict cannot be considered and estimated as a positive factor for German policy. The same is true of the Italian attitude. The political influence of Italy has given way to that of France. Italy, like England, approved the fundamental attitude of France in the Reparations question and repeatedly suggested to Germany that passive resistance should be given up.

The experiences of the last few weeks, since the formation of the new German Government, can only strengthen this view of the foreign situation. The increasing number of acts of violence and outrages against justice committed by France throughout the occupied areas, old and new, have not availed to draw England out of her reserve. These last few weeks, by the instrumentality of the Inter-Allied Rhineland Commission at Coblenz, France has taken a number of measures that are in complete contradiction with the Rhineland Agreement and with International Law, the tendency of which, too, clearly betrays a desire to further the policy of Separatism and the creation of a State of the Rhine and the Ruhr. In this connection mention may be made of the policy of economic isolation and the constant evictions carried out even in the territory originally occupied, and the decree of the Rhineland Commission dated September 4th, in which, contrary to the provisions of International Law and the Rhineland Agreement, it claims and proposes to exercise the right of appointing German officials. There has been no evidence of any serious efforts by the British Government, which possesses a seat and a vote on the Rhineland Commission, to prevent or even to mitigate this policy. As a matter of fact the attitude of England has really been one of tacit consent. It was therefore the merest political candour, wrung from him by the necessities of the situation, when the Chancellor in his speech at Stuttgart on September 2nd observed that Germany stood alone in the world and could expect no help from abroad.

The terms of the French Government's reply on August 20th to the English Government's Note of August 11th expressed with

unmistakeable clearness the point of view that the Rhine and the Ruhr must be set apart from the economic life of Germany as a whole, as being a special territorial pledge. In his speech before the Association of German Trade and Industry on August 24th, the Chancellor seized upon this, the decisive point in the French Note, and pointed out that a solution of the Reparations question based specially on the Rhine and the Ruhr would raise all the political questions that had affected international relations as a result of the occupation; and, in once more offering the total resources of private industry in Germany as a whole, by way of a pledge for the fulfilment of the Reparations obligations, he had refused to recognize any distinction between the Rhine and the Ruhr on the one hand and unoccupied Germany on the other.

The French Premier did, indeed, in his Note of August 20th, expressly state that the French Government was pursuing no political aims nor annexationist policy in regard to the Rhineland or the Ruhr. In reply to which the Chancellor pointed out in the above-mentioned speech that the French Reparations proposals, which isolated the Rhine and the Ruhr from the rest of Germany, were not consistent with Poincaré's pronouncement, of which he took particular note.

But the situation as regards Foreign Affairs cannot be solved or considered apart from the internal political condition of Germany. The immediate aim of German policy was, and is, the liberation of the Ruhr and the restoration of treaty conditions in the Rhineland territories originally occupied. The actual active means of securing this end has been and still is the policy of passive resistance. Passive resistance, however, which depends in practice on a continuing financial support of the population, more especially of the officials, workmen, and employees, but also of the commercial undertakings in the occupied area, is, in the last resort, a question of the finances of the Reich, and therewith of German trade and industry. Here is the organic connection between foreign politics and the internal condition of Germany.

The cost of passive resistance amounts at the moment to 40 million gold marks daily. This fact is of decisive significance. It has been more than once mentioned in the Press and by various public bodies that abuses have crept into the financing of the Ruhr struggle. It is not to be denied that the nine months of conflict and forced unemployment of all the working classes and the

majority of the officials may, in individual cases, have had very demoralizing effects. It was only to be expected that in many cases in the old occupied area, where a continuance of work was justified, there was a tendency to cease work under cover of passive resistance. It was also natural that in many cases the credits guaranteed to the owners were abused, inasmuch as the credits were used for the provision of exchange in excess of what was needed, especially on Dutch markets, thus contributing to the fall of the mark. But these unavoidable and partial phenomena could not alter the fact that the continuance of passive resistance was not a question of sentiment, but a question of finance and therewith of trade and industry, and in the last of the policy to be adopted by unoccupied Germany. The daily requirement of 40 million gold marks makes such vast demands on our printing presses that, in the long run, they can no longer be covered by even confiscatorial measures of taxation.

The catastrophic collapse that has befallen the mark in the last few days may to some extent have been caused by speculation on the Bourse. But the main cause lies in the daily increasing need for notes and its inevitable effect. The enormous circulation of notes in August led to a rise in prices in Germany far above the world price-level, with the result that agriculture, trade, and industry began to base their activities on a pure gold-mark calculation, and the officials, employees, and workmen put forward more and more urgent demands for payment in gold wages. A further consequence was that foreign production-costs were far exceeded in Germany, the export capacity of the country increasingly diminished, and for that reason, and as a result of the simultaneous huge taxation which the Reich was forced to impose, numerous concerns in Germany had to close down. This fact, in conjunction with the further fact that the mark was beginning to be rejected, evoked social and political dangers on the horizon of German politics that induced both the Chancellor and the Minister for Trade and Industry to announce that if the Government did not succeed in finding a solution of the acute problems then confronting the country in both home and foreign affairs, it would be the last constitutional Government in Germany; in other words, if the plans of the Government failed, economic and political chaos and the collapse of the Reich would be imminent and inevitable.

The Chancellor, in his first speech in the Reichstag, said that the

introduction of order into home affairs would be the best foreign policy that the Government could devise. But the Chancellor and the Government of the Reich have now come to realize that this statement can no longer be maintained, and that the condition of Germany has now reached a stage when the domestic situation can only be set in order by a settlement of the foreign situation, in other words, by a liquidation of the Ruhr conflict.

Starting from this admission, the Government feel it to be their duty to take the initiative towards negotiations. In formal relations, the Chancellor has already expressed this attitude by putting an end to the social and political boycott of the French Ambassador and the Belgian Minister in Berlin. The Chancellor got into personal and political touch with both these diplomats. Superficially this was facilitated by the fact that the French Ambassador, in accordance with German custom, paid the first visit.

The aim of the negotiations is, in the first instance, as follows: an attempt must be made to establish whether France is disposed to treat on the basis of the demand of the German Government, which is a matter of principle, for the restoration of treaty conditions in the original occupied area, and the evacuation of the Ruhr.

The English Government has been expressly informed that our capacity for resistance is limited, and that the hitherto passive attitude of English policy is useless for Germany. However, no alteration is yet observable in England's demeanour.

The question has been discussed in Germany whether the new Cabinet implies a change of orientation from England to France. Such a statement of the problem is false. It would be political diletantism for the German Government to base their policy on effecting a cleavage between the Allies. On the contrary, it is in the interest of Germany, in the desired negotiations regarding the settlement of Reparations, to deal with a united body of creditors. In this sense the desired negotiations with France are to be merely a step on the way to general negotiations. Moreover, as may be clearly observed from the Press comments on the Chancellor's last speech, England is in complete sympathy with what is falsely described as a French orientation of policy.

Much more difficult than the question of the formal methods to be adopted for a resumption of negotiations is the problem as to how far Germany can go, in the material sense, in such negotia-

tions. The present standpoint of the German Government on this matter is as follows:

In the German memorandum of June 2nd of this year the security of German economic resources, *i.e.* of German private property, was offered, subject to the fixation of a definite maximum sum calculated on behalf of Germany.

We can no longer adhere to this maximum. Germany will have to offer a higher sum, and try to make it practicable by extending the duration of payments and by favourable methods of payment.

If the maximum sum, as reckoned by France, is to be reduced, Germany must offer a positive compensation for such reduction. In this sense, the German Government contemplate offering France—or, in other words, French industry—a share in the chief industries of Germany. This line of thought was expressed in the Chancellor's speech on September 2nd last at Stuttgart. The Reich Government envisage an arrangement by which the majority of the shares and therewith the control would remain in German hands. Such industrial agreements would be to the advantage of politically influential circles in France, and would probably lead to a considerable mitigation of the burden of Reparations.

Finally, the Reich Government proposes to offer France a large cash payment on the spot, by way of inducing the French Government to consider the evacuation of the Ruhr. The present financial and economic condition of Germany makes it impossible forthwith to make available any large resources for this purpose. The idea was, rather, to effect a mortgage on property, more especially industrial and agricultural property, and the mobilization of this mortgage by the issue of gold bonds, which might, in their turn, form the foundation for an international loan, the proceeds of which could be offered to France as a payment on account.

The Reich Government, therefore, would be prepared to enter into negotiations with the French Government on the basis of an increased total payment, the offer of a share in industrial undertakings, and cash payments on account.

The Reich Government does not, indeed, contemplate the simultaneous or previous abandonment of passive resistance. In the face of this, the most serious formal and material obstacle is now, as it has always been, the French contention that there can be no negotiations until passive resistance is given up. The Reich Government hopes to get round this difficulty by inducing the

French Government to interpret this formula in the sense that it is only applicable to the later and public negotiations over all the problems as a whole, and would not be applied to confidential negotiations with Germany.

In this sense steps have been taken to sound the French Government.

A special difficulty in the way of a settlement of the Ruhr conflict in the manner suggested is the problem of the Rhineland, which, on the French side, is increasingly brought into connection with the Ruhr problem. France, in the Notes addressed to the English Government, has demanded the internationalization of the Rhine railways. These, in accordance with the French scheme, are to be combined in a company in which France, Belgium, England, and the Rhineland, but not the German Reich, shall participate. France has also demanded the cession of the German privately owned mines in the Ruhr to a French company, on which, also, the Rhineland, but not the Reich, shall be represented.

In all this, the tendency to amalgamate the Rhine and the Ruhr problems becomes plain. The intention is to lay the economic foundations of a State-structure in the West, which, based on the West German railways, the shipping and trade route of the Rhine, is finally destined to combine the Rhine province, including the Palatinate and Rhenish Hesse, as well as the Ruhr coalfields.

France founds these schemes, in the main, on her theory of Reparations, but there is also express insistence on the value of these pledges from the point of view of security.

It must not be supposed in Germany that France's fear of a future revival of Germany has been removed. This fear is one of the main driving forces behind French policy. The Reich Government takes the view that the political constitution of the Rhineland within the German Reich must be a matter for the population of the Rhineland, although the Government is convinced that France has no political interest in the status of that province within the Reich.

The German Government is penetrated by the conviction that no material sacrifice that could be imposed on the German people could be too great a price to pay for German sovereignty over the Rhineland and the Ruhr, and the liberation of the Ruhr from French occupation.

The Government is also completely aware of the intense gravity

of the position, and is doing its best to enlighten German public opinion in this sense, to dispel any illusions as to the possibility of continuing the Ruhr conflict indefinitely; if, indeed, these illusions were destroyed suddenly and without psychological preparation, such a political shock might have incalculable consequences.

A summary survey of the position yields the following diagnosis:

Passive resistance can only be maintained for a limited period. France adheres unalterably to her political and economic demands. The solution of a one-sided submission by Germany, which it might seem in the abstract reasonable to offer, is not practicable, as it would deliver Germany's national and vital economic interests to an uncertain destiny, and probably lead the way to civil war or chaos. An acquiescence in French demands after the abandonment of passive resistance, without any assurances on the part of France, would not be approved by wide and politically influential sections of public opinion in Germany, and would be exploited by the political radicals of both sides. It is therefore the present aim of German policy to lead France in the desired direction by material offers and sacrifices, that her subsequent conditions may at least leave intact the sovereignty of Germany over the Rhine and the Ruhr.

As regards home affairs, the Government is doing its best to secure temporary relief by the creation of a gold currency, which it is hoped will serve to maintain German economic life and therewith the policy of Germany.

THE SITUATION GROWS MORE SERIOUS

At the Cabinet meeting on September 10th there was a detailed discussion on foreign policy. Stresemann referred to Poincaré's extremely important speech of September 9th, and made known that he would answer it at a reception to be given by the Head of the Press Section on the 12th.

[*Poincaré had said on September 9th: "We prefer positive pledges, and we shall not give them up against general pledges which would perhaps be written down on paper, but not bring any results. We want realities, and we shall not withdraw until we are paid."*]

Their present foreign policy could only be expected to achieve any success, Stresemann said, if all the questions involved went through one hand, and there was complete unanimity in the atti-

tude of the Government. He stated that a conference would take place next day between the Saxon Premier, Zeigner, the Reichswehr Minister, and the Minister of the Interior, together with certain members of the Social Democratic Groups in Saxony and Prussia. He proposed on this occasion to tell Zeigner that the Government held the view that the repetition of confidential statements from the Reichsrat in a public speech, as the Saxon Premier had done, was highly to be reprobated and calculated to make impossible any responsible leadership of national policy.

The Cabinet then dealt with the currency question and more especially Helfferich's¹ plan for a "Rye" Bank. Stresemann urged that, for any understanding with France, the immediate payment of a considerable sum in cash was essential. While the meeting was drafting a decree based on the Emergency Law (Measures for the Protection of the Currency), Stresemann suggested that it might be possible to suspend the prohibition against invoicing in German currency; thus, the interval of four weeks laid down for the delivery of foreign bills might be reduced, and it might be possible to levy more than the 30 per cent exacted by law.

It was unanimously agreed that the solution of the currency question should be sought for by means of a Gold Note Bank, which should act as a completely independent body, without connection with the Reich finances, but in organic conjunction with the Reichsbank.

On the following day it was officially stated that the paper mark would maintain its value as legal means of payment, all rumours to the contrary being unfounded. The measures contemplated by the Government were calculated to support the value of the paper mark.

Notes on a meeting of the Parliamentary Group of the People's Party, Sept. 11th:

Stresemann: Depressing situation. The Ruhr war can no longer be kept up on the basis of passive resistance. Yesterday 180 billions were paid out for that purpose. One milliard gold marks would last twenty-eight days. I asked Jarres how long the Ruhr would hold on. Until November? Jarres said that one could not rely on the

¹ An extreme Nationalist. His scheme for the stabilization of the currency on the basis of the production of Rye was in fact the conception that lay behind the subsequently adopted Rentenmark, based on German agriculture and industry as a whole.

Ruhr after the end of September. The end would come before the beginning of the cold weather. This situation was the foundation of foreign policy. Must get into touch with French and Belgian representatives. Three standpoints in Poincaré's speech: (1) Passive resistance. (2) Occupation continues until payment is made. (3) No general guarantees.

As to (1) and (2), Had there been any international pronouncements that gave us an assurance that our constitutional authority over the Rhine and the Ruhr would be restored? If so, then passive resistance could cease.

As to (3), The issue of mortgages would make it possible to pay interest at once. International loan, with France as banker. English formula for the Ruhr evacuation (evacuation as soon as German payments should be "effective").

Disagreement over the cession of mines and the internationalization of the Rhine railways (demanded in the French Yellow Book).

England does nothing. Loud commendation when we address ourselves direct to France.

The chairman of the Joint Popular Parties in the Prussian Staatsrat, a German National, said, after an address by Jarres: "We are behind the Government, and disapprove the *Kreuzzeitung* campaign—we will inform Hergt and Westarp".

Dr Scholz: Whatever the solution may be, there should be no strong opposition, especially from the occupied area. German Nationalist People's Party not to be left out of the line. Connections must be established—however difficult. For reasons of home politics, too. Bavaria! Threatening atmosphere. Only Crown Prince Rupprecht shows any sense. Escherich also loyal to Reich. Tirard shows surprising anxiety to negotiate. T. wants two independent Rhine States. France doesn't want to lose control of railways. France's security is dominating point of view.

Von Kardorff: Zeigner's attitude most objectionable; put an end to it—threaten a state of siege or even more drastic measures. All depends on food supplies; can't shoot at starving women.

Stresemann: The *Kreuzzeitung* stated yesterday, falsely, that Noske was to be Gessler's successor. The Government would not part with Gessler.

Leutheusser called attention to the extreme dangers threatening from the Left. The Hundreds were terrorizing State and Industry. What could be done? Thuringian Government denies requests for help.

Brüninghaus: In Saxony the middle class are outlaws. I have had a talk with Sollmann; nothing has changed. Owing to the uncertainty, Saxon industry is getting no orders. In a fortnight half the workmen will be starving. If the Reich Government does not show some energy there will soon be Communism in Saxony and Thuringia.

Stinnes: The last few weeks have not been properly used. In a fortnight there will be civil war. Hilferding's programme can't stop it. Longer working hours, create a currency, and deal severely with Saxony and Thuringia. Not a day should be lost or the mob will overthrow the Stresemann Cabinet.

Zapp: He was much more pessimistic over foreign politics than the Chancellor. Had Poincaré an interest in any alteration of existing circumstances? No. Thus there were no prospects for us. For that reason do everything to keep the peace. Under certain circumstances give up passive resistance.

Stresemann: Economic questions. It had been said that not enough use had been made of the time to create a settled currency. We must not forget the want of unanimity among the economic interests concerned. In a week from that day the Gold Bank would probably start to function. Helfferich's plan will probably be put into operation as an expedient. Relief of unemployment only by the provision of productive work, not opposed even by Socialist Ministers. Questions of wages and price are closely connected. When Stinnes was demanding world market prices for his industry, I pointed out that such prices would lead to gold wages, and that such wages would make it impossible for us to export. Should *all* the demobilization decrees be suspended in unoccupied territory? That was going too far at a time when masses were out of work. Executive action by the Reich against a constituent State should be avoided until the last moment. One thing in our favour is Prussia's attitude. If necessary, we shall know how to apply the full power of the State without respect for persons.

Dr Quaatz: It is possible that the Chancellor's aim—understanding with France—may be achieved; but whether we can cover this defeat with our signature is another matter.

Vögler: It is impossible to conduct foreign policy without controlling policy at home. At a difficult time political leaders must keep their nerve. I told the Chancellor to let the Rhine and the Ruhr go on as they were, but not to capitulate. In certain circumstances

help might be given to the Rhine and the Ruhr. Corruption was rife in those parts as the Cabinet had known for the last five weeks. One cannot negotiate with the intention of capitulating. The Chancellor should not reproach us with our price and wages policy. For eighteen months there has been no increase in wages in the mining industry except under a compulsory arbitration award. It is true that there was unemployment two years ago. Better then than now.

AGAINST POINCARÉ

Stresemann's speech at the Head of the Press Section's reception on September 12th:

Candour is better than illusion, and it must therefore be said quite plainly that without a solution of the crisis in our foreign relations, the financial question in Germany cannot be settled, the fall in the mark cannot be stopped, and economic recovery cannot begin.

The French Premier said in a speech not long ago that he preferred the positive securities that France now held to the most attractive theoretical rights; he had no intention of exchanging pledges against general guarantees; and he further emphasized that the guarantees which I had proposed were part of the claim conferred on the Allies by the Versailles Treaty on the entire property of the Reich and the constituent States.

In this I must be permitted to point out that the French Premier is in error. By the terms of the Versailles Treaty the resources of the Reich and the constituent States stand mortgaged for Germany's obligations. But what I proposed referred to the direct inclusion of *private* property, and, in so far, went beyond the Versailles Treaty. Moreover, the inclusion of private property provides a realizable pledge, while the securities of the Treaty of Versailles cannot at present be so realized. If a first mortgage is issued in favour of the State on the property of the Reich and private commercial property, amounting in fact to a definite percentage of that property, these mortgages would represent negotiable values and could be administered by a Trustee Company, in the administration of which the Reparations creditors would participate. The interest on the mortgages would be paid to the Trustee Company, which, on the basis of the mortgages and the interest payments, would be in a position to raise loans by the

issue of bonds. This would enable France to be placed in possession forthwith of considerable payments at once, and the interest payments could also be made fluid at no very distant date.

Such an arrangement is certainly not a mere theoretic claim, nor a general guarantee, but a real fact. It is free from any ambiguity. It should have the effect of putting France in possession of payments by means of which French demands, in return for the evacuation of the Ruhr, could be fulfilled. The arrangement presupposes the restoration of the Ruhr to Germany, and the re-establishment of her sovereignty over the Rhineland. It should solve the question of passive resistance if we are given the assurance that on the basis of such an agreement the Ruhr will be evacuated and our former rights restored to us in the Rhineland. If, too, we are assured that everyone who has been expelled from the Rhine and the Ruhr will be allowed unconditionally to return to his home, there is no reason why this great and once flourishing industrial area should not resume its ancient prosperity. I hope that such a settlement may be possible.

The French Premier referred in his last speech to the methods by which the relations between France and Germany were settled after the war of 1870-1871, and recommended me to read the correspondence between Thiers and the Comte de St. Vallier and Field-Marshal von Manteuffel, and use it as a guide for what should be the German attitude to France at the present time. I am well acquainted with this correspondence, and I would point out that Germany, as the Power in occupation after a victorious war was well aware that a peaceful intercourse between two nations calls for self-restraint in matters where sensibilities might be justifiably wounded. The Comte de St. Vallier wrote to Thiers on March 2nd, 1873, that he was more than ever full of admiration for the attitude of the General Commanding towards France; he had given many proofs of his good feeling, and, under strong pressure had confined his troops, in spite of certain resistance, to their barrack lines, in order to spare the French population. The German Field-Marshal deserves, as the Comte de St. Vallier writes in another letter of September 23rd, 1873, a page of sincere gratitude in French annals. But the method of resuming ordinary intercourse between two nations after a terrible war is perhaps more clearly illustrated in the Memoirs of the first French Ambassador in

Berlin, de Gontaut Biron, who was constantly in a very favourable position to report the strenuous efforts that Germany was making to introduce an era of peace in succession to the years of war. At the Ambassador's first audience with the Crown Prince, the latter made the observation: "Fortunately the war is at an end; our task now is to maintain peace". "They are anxious for peace" is a constant phrase in the Ambassador's reports to his Government. And regarding Prince Bismarck, Thiers said in a letter to the French Ambassador in Berlin that great men always possessed a measure of justice that comes to light on given occasions. A few days later he recorded his opinion of the policy of the German Chancellor in the following terms: "Please thank Herr von Bismarck for acceding to our wishes; there must have been a price in view, and the price is obtained. It is the real appeasement of national passions, and greater guarantees for peace." A last quotation from that time: On March 20th, 1873, the French Foreign Minister, de Rémusat, wrote to his Ambassador in Berlin: "We must now introduce as much calm as possible into our ordinary intercourse with Berlin, and prove that, as we have always promised, the evacuation of our territory would complete and consolidate the peace. The occupation, so long as it continues, is an image of war."

In an interview which the Permanent Secretary for Foreign Affairs had with the French Ambassador, de Margerie, Maltzan expressed the fear that intercourse between France and Germany had come to a dead point. Passive resistance could not be given up without assurances of relief. On the other hand, the French Ambassador said that Poincaré would in no circumstances agree to a general reinstatement of all deportees.

CURRENCY QUESTION—TEMPORARY SOLUTION?¹

Cabinet Meeting, September 13th, 1923, 5 P.M.:

After a statement by the Minister of Finance that the Reichsbank was making difficulties regarding the establishment of a Gold Note Bank, Stresemann said that representatives of the Association of German Industry had been to see him. Their view was that they could not regard Helfferich's proposal (of a "rye" currency) as a

¹ On the currency question in Germany as a whole, a most valuable account and analysis will be found in the Appendix to Vol. II of Lord D'Abernon's Diaries, "An Ambassador of Peace".

solution of the currency question. The Gold Note Bank was absolutely necessary. As the rye harvest and the psychology of agriculture at present presented obstacles, steps must be taken to prevent the agricultural interests stopping deliveries. The Rye Bank should therefore be founded in the first instance, but should in the course of the year be absorbed in the Gold Note Bank. It might perhaps be suggested to the Banks that they should issue interim notes. In any case the whole situation was so critical that catastrophe was unavoidable if the delivery of agricultural products stopped for even a few days. In the debate on the practicability of the Helfferich plan, Stresemann once more intervened, and said that it would serve no useful purpose to apply compulsory measures to agriculture. An interim solution must be found, that could be presently amalgamated with the Gold Note Bank to be constituted later. Having regard to events in the Balkans, the rejection of the Helfferich plan might be dangerous. If war broke out between Italy and Yugoslavia in the near future, it would have to be anticipated that the agricultural interests would be even more disposed to withhold supplies. And the dangers that would then arise might be ascribed by the Opposition to the fact that the Government had not followed up the proposals that would have made it possible to keep foodstuffs in circulation.

On the evening of September 18th the newspapers published the scheme of the Finance Ministry:

The Reichsbank will be completely divorced from the State finance, and thus placed in a position to fulfil all the functions of a Gold Note Bank for industry. Reich Treasury bills will no longer be discounted by the Reichsbank, so that there can no longer be an uncovered excess of paper circulation.

For an interim period until the balancing of the Budget, a newly established Bank will issue notes secured on a gold mortgage of private productive property (agriculture, industry, trade, and banking) as assessed for the Imperial Defence Levy.¹ These notes will be legal currency. The paper mark will represent the small change of the new note, redeemable at a definite rate.

Simultaneously, in accordance with an already existing financial programme, there will be an enormous decrease in public expenditure. The stabilization of the revenues received will increase the yield of the sources of taxation, and thus help the country to cover its outgoings.

¹ Of 1911.

LORD D'ABERNON AS INTERMEDIARY

Von Maltzan had occasion to discuss with Lord D'Abernon the course of recent events, more especially in connection with Poincaré's attitude, and his conversations with de Margerie. Lord D'Abernon, he informed the Chancellor, had asked his usual question: "What can we do?" Upon being repeatedly pressed by D'Abernon to say whether he had anything to propose that could be profitably undertaken by England, he suggested the following way out:

At the meeting between Baldwin and Poincaré, the latter might perhaps begin by suggesting that England might support France in her efforts to induce Germany to abandon passive resistance; to which Baldwin might reply that England believed that, in order to avoid a collapse of the Reich, which would be disastrous for all Europe, Germany should, out of consideration for her internal situation, be offered certain reliefs in return for this abandonment. If Poincaré showed any inclination to fall in with this suggestion, England might hint at the possibility of granting certain reliefs to France in respect of her debts, and also to Germany, with a view to helping her more easily to discharge her Reparations obligations to France, possibly in the form of advances on the basis of the Recovery Act.¹ If, in consideration of the above-mentioned concessions, England were to advise Germany in the friendliest manner to give up passive resistance, and at the same time offered a prospect of help in the settlement of the Reparations question, a formula of the kind would find much readier acceptance by public opinion in Germany, than if France, as had been the case hitherto, categorically demanded the abandonment of passive resistance without offering any concession in return. Lord D'Abernon seized upon this idea with remarkable eagerness.

On September 13th or 14th, two English members of Parliament, the Conservative M.P.'s, Sir Harry Brittain and Mr Hannon, arrived in Berlin. The Chancellor received them both personally. In subsequently describing their impressions of Germany for the London Press, they said that the German industrialists and financiers were undoubtedly ready to make sacrifices to save their country. But if within a week or a fortnight the views of reasonable statesmen did not prevail, it was impossible to conceive what might be the fate of Europe.

CONCERNING PASSIVE RESISTANCE

The meeting of the Cabinet on September 15th was attended by

¹ The Reparations Recovery Act of 1921, providing for the levy of a proportion of all German exports to the United Kingdom, to be paid over on account of Reparations: the German Government reimbursing its Nationals.

representatives of Prussia and of the occupied territories. The main question was the possibility of a reduction in the financial contributions of the Reich for the occupied Ruhr. Unless these could be speedily cut down, the currency must inevitably collapse.

After the Prussian Premier had expressed the view that it would, politically, be more advantageous to abandon resistance voluntarily, rather than to let it break down by itself, Stresemann set forth his misgivings:

France knew the effect that would be produced on the internal situation of the Reich by the abandonment of passive resistance, and took this factor into account in negotiations with her Allies. If the French Premier was aiming at the collapse of Germany, he would not have entered upon the present conversations. What interested him particularly was to see whether the German Government was strong enough to carry the obligations it had assumed even against the general feeling in Germany. On that account Stresemann considered the immediate abandonment of resistance at the present stage of the negotiations as a serious political error. He asked that the present situation should be allowed to continue for a few days longer until the *démarches* lately initiated had led to some result. In three days the French and English Premiers would meet in Paris. On this occasion England might well inform the French Government on what conditions the German resistance might be given up. England had approved the proposals made by Germany, which at the same time satisfied the assurances demanded by the German mining companies.

If, said Stresemann later on in the debate, on the basis of negotiations, the issue of which he could not predict, there should be a cessation of resistance, it would be absolutely necessary for the Government to issue a pronouncement making clear that the Government was acting in complete agreement with the population of the occupied area. According to the latest reports from Paris, influential French circles were expressing doubts as to the wisdom of premature abandonment of passive resistance, since the result might be chaos in the occupied territories. France could not control such a situation, any more than the industries of the Ruhr could carry on unaided. On that account, the present uncertain situation, that left the abandonment of resistance still doubtful, was their best asset in foreign politics. He asked the representatives of the individual States to give their views, as he feared that a sudden abandonment

of passive resistance would lead to serious disturbances in the Reich, and more especially in Bavaria, East Prussia, and other places.

[Passage missing]

The Bavarian Minister apprehended the most serious consequences at home from a capitulation to France. An abandonment of passive resistance would, in certain parts of Bavaria, and especially in Munich, be regarded as an act of surrender, a dissolution of the Reich, a second Versailles. The Bavarian Government recognized that the resistance could not be maintained for an unlimited period, but it must be carried on as long as practicable.

Stresemann replied, after reading a written communication from the Bavarian State Government, that the Cabinet were unanimously of the opinion that under no circumstances would territorial concessions come into question. It was not appropriate to speak of a capitulation. He could not agree with the view of the Bavarian State Government that the negotiations with France should have been avoided. Had the Government done nothing, its responsibility would have been much more serious, if the consequences apprehended by the Bavarian Government should in fact occur, without any attempt having been made to reach an understanding. It was indeed conceivable that a situation might arise that the Reich Government would have to answer with an emphatic No. The world would be much more likely to understand such an attitude if a previous offer had been made to assume a comprehensive burden of obligation. Similarly, the Reich Government would have fallen into ill-repute with the population of the occupied territories if it had abandoned them to their fate without any attempt at political negotiations. No one could now reproach the German Government for inactivity, or adopting an attitude of merely passive refusal.

After further statements from the representatives of the various constituent States, Stresemann concluded by observing that the population of the occupied area should proceed in complete agreement with the Reich. In reply to a question from the Minister of Labour, Stresemann said that, at the best, evacuation might be expected to start with the opening of the actual negotiations. In this connection he recalled the English Note of July 20th.

GERMAN CONDITIONS FOR THE ABANDONMENT OF
PASSIVE RESISTANCE

Stresemann before the Cabinet (September 18th):

Stresemann gave an account of his interview with the Belgian Ambassador, who had also mentioned that he wanted to offer his services as an intermediary in Paris. He asked whether and under what conditions the German Government was prepared to give up passive resistance. Stresemann had replied that passive resistance could only be given up if it was followed by concrete negotiations on the Reparations question. In any case the German Government must be put in a position to take measures to relieve the distress among the population, the prisoners must be freed, the exiles allowed to return and the officials to resume their functions. The Belgian Ambassador then raised the question of the treatment of the imprisoned rioters. The Chancellor had demanded a *general amnesty*. In addition, with the cessation of passive resistance, the confiscation of gold by French troops must stop, and there must be no more interference with the conduct of industrial concerns, so that their productive capacity may be used to the full. Moreover, the sovereignty of the German Reich over the Ruhr must be re-established. A Rhine State would certainly arouse the bitterest opposition in Germany and would be intolerable. He had, in company with the Belgian Ambassador, made a brief unsigned note of the heads of their conversation, which he then proceeded to read out. He had then informed the representatives of the other Allied Powers of the contents of their conversation.

The Italian Ambassador showed himself tolerably indifferent; the Englishman, on the contrary, had been greatly interested and undertook to communicate with the English Prime Minister forthwith in view of his approaching interview with Poincaré. The French Ambassador proved very reserved, and on being pressed, indicated that he had been instructed from Paris not to go into details. The Papal Nuncio had offered his services, and had discussed the whole question with him that day at luncheon. The Nuncio believed that two considerations stood in the way of an amicable settlement. In the first place it was doubtful whether the opposing side would agree to amnesty the rioters; they would not object to the return of the exiles, with the exception of the leaders. Upon which Stresemann had at once replied that this was quite

unacceptable. In the second place the Nuncio doubted whether the other side would forgo some control of industry. To which Stresemann observed that on this matter a formula agreeable to both parties could be found.

Stresemann summed up that unless the German Government took the initiative neither the Belgian Minister nor the English Ambassador in Paris could do anything effective in the direction of an understanding. The attitude of France had lately changed. The mood of obstinacy had returned: this could be seen from the new Press campaign against Germany. The French Press, and especially the *Temps*, were concerned with the following problems:

(1) Whether the Chancellor had the power to carry out his plans.

(2) The proposals for tax-reduction in the Chancellor's speech at Stuttgart had offended French public opinion.

(3) Some papers assume a mere bluff on the part of Stresemann; the French Prime Minister declines to believe in the German Government's goodwill until some definite legislative measures have been put forward.

(4) The French newspapers clearly show that Poincaré has misunderstood the idea of the suggested international Trustee Company. His suspicions led him to believe it would merely be another form of the Committee of international experts on Germany's capacity to pay, which he had always refused to recognize.

Stresemann observed that the French formula regarding the exiles, namely, a consideration of each case on its merits, was unacceptable, and not to be tolerated by the population. They must insist on the following points:

(1) Return of the exiles without exception.

(2) Restoration of the administration, including the railways, to the German authorities.

(3) Amnesty for the prisoners.

(4) The appointment of a German-Allied Commission which should settle the details of the forthcoming régime, and restore the Rhineland to the status contemplated by the Rhineland Agreement.

The abandonment of passive resistance must be accompanied by assurances from the opposite side on the above points such as could be embodied in a proclamation to the population.

If such a solution were possible, he would summon the repre-

sentatives of the occupied districts to Berlin for a thorough discussion of the position. If the proposals were refused, the Cabinet must again consider its position.

Stresemann mentioned that Bavaria was following all the proceedings of the Reich Government with attention and approved them on all essential points.

A report had reached him from London to the effect that the view taken there was that France would gain no notable advantage from the abandonment of passive resistance by Germany, since in the consequent negotiations England would raise the question of inter-Allied debts and oppose any territorial aggrandizement on the part of France.

The conversation with D'Abernon which Stresemann reported at the meeting of the Cabinet:

18th September 1923

I gave the English Ambassador an account of the interview I had had with the Belgian Minister and read him the note I had made of the conditions on which alone we could abandon passive resistance. At the same time I emphasized the fact that these conditions were in the main identical with the proposals put forward in the English note of July 20th. I also laid stress on the fact that we attached great weight to the amnesty of everyone, whatever the acts of which they might have been found guilty, and I mentioned the fact that I had reminded the Belgian Minister that Germany had not treated as criminals those who had resisted the German invasion, which they regarded as unjust. I asked Lord D'Abernon to take particular care that the English Prime Minister should be in possession of this information before his meeting with Poincaré, so that he might influence the latter by expressing his agreement with this settlement. Lord D'Abernon was very favourable and promised to do his part.

I also mentioned particularly that we had before us statements from the Mining Companies agreeing to the abandonment of passive resistance subject to these conditions; this he seemed to regard as of great importance and made a special note of it. I then went on to discuss the possibilities if we did not reach agreement on this point, and pointed out that we might very well find ourselves in the position of having to give up assisting the occupied area, because the country could not face any further fall in the

currency, and in those circumstances Belgium and France would have to assume responsibility for provisioning the district. We in the rest of Germany should then enter upon a state in which treaties no longer held, and in view of the loss of our sovereignty over Rhine and Ruhr, we should have to refuse any further fulfilment of the Treaty.

Lord D'Abernon was much interested in this statement, and said: "Do you regard the Treaty as broken?"

I replied: "No, but we regard it as impossible to continue to carry out the Treaty, and must withhold the fulfilment of any of its terms so long as we are not in the position to provide the means of livelihood for our people in the Ruhr and the Rhineland".

The Ambassador promised to report at once to his Government in this sense.

In connection with Baldwin's meeting with Poincaré in Paris on September 19th, a *communiqué* apparently emanating from the British Prime Minister states that both statesmen were happy to establish the fact "that in no single question was there a difference of view as to the aims to be attained, nor any fundamental opposition that might endanger the co-operation between the two countries on which the stabilization and the peace of the world so largely depended".

PARTIES AND PASSIVE RESISTANCE

Sollmann, the Reich Minister of the Interior, at Stresemann's request went to Cologne to explain the plans and intentions of the Government.

The Social Democratic Group in the Reichstag stated that everything must be done to open negotiations with France at the earliest possible moment with the object of liberating the Ruhr area and the restoration of Treaty conditions.

The German National group in the Reichstag, on the other hand, stood, in conjunction with their colleagues in the Prussian and Bavarian Diets, in opposition to Stresemann. They said that they raised the strongest objections to the change of course adopted by the Stresemann Government, and their present policy of "Understanding at any price with a half-sated, irreconcilable France", and declined the responsibility before the German people and before history.

As against these views, the National Liberal News Agency, apparently under the influence of the Chancellor, addressed four questions to the opposition, as follows:

(1) What views are held by the German Nationals as to the financing of the defensive struggle in the Ruhr?

(2) What of the condition of German currency if this financing is continued?

(3) How do they contemplate the continuance of passive resistance by the population of the Rhine and the Ruhr, having regard to all the moral *imponderabilia* and economic presumptions that must come into question? Have the German National Party any supplementary information on these points?

(4) If this conflict is to be one of opposing forces, where is the force with which we are to carry it on?

CONFLICT WITH BAVARIA

Relations with Bavaria became more and more strained. The Chancellor did his best, by keeping in constant touch with the Bavarian Minister in Berlin, to avoid a breach. How menacing the situation was becomes apparent from a statement by Field-Marshal von Hindenburg, who spent his leave in Berlin, and emerging from his customary reserve, said, in a conversation with the leader of the Fatherland Associations in Bavaria: "Bavaria must in no circumstances, not even temporarily, separate from the Reich. Bavaria must not forget that Prussia once helped her in evil days. The old proverb still holds: Troth for troth."

Stresemann sent his Party colleague, Dr Fritz Mittelmann, member of the Reichstag, to Munich.

The German Minister, Dr Victor Naumann, and the Papal Chamberlain, Baron Geier, who were in close touch with the leading Catholic personalities in Bavaria, and more especially with Cardinal Faulhaber, placed themselves at the disposal of the Chancellor's emissary.

On September 23rd, at the episcopal palace in Munich, an interview took place, between Dr Mittelmann, with whom was Baron Geier, and the Cardinal. Dr Mittelmann asked the Cardinal the definite question whether he was disposed actively to support the Chancellor's policy, and back it publicly with the whole weight of his authority. The Cardinal began by giving an evasive answer, to the effect that this was a political question. Then, however, he observed that he was certainly in a position to exercise an enlightening effect on public opinion, if he could give a moral turn to what he said.

To the question whether he thought, in the event of the continuance of passive resistance, a separatist movement would inevitably spread from the Rhineland to the Ruhr and lead to the collapse of the Reich, the Cardinal observed that the Chancellor was in a position to make a great gesture at the last moment which would

stop such a collapse. To the individual States that were inclined towards a federal status, the Government must make a few concessions, which, even if they were without much significance, would be calculated to work on the sensibilities of the people, and diminish the striking force of certain phrases with which the supporters of separatism were accustomed to get their effects. He said more than once that the Chancellor deserved admiration and support, if he remained at his post in spite of the burdensome inheritance upon which he had entered.

Subsequently, on October 13th, the Chancellor addressed the following letter to Cardinal Faulhaber:

In the eight weeks since I have been at the head of the Government, I have been subjected to infinite trouble from the various States of Germany, and the burden of responsibility for both foreign and home affairs is almost intolerable. The courage of responsibility has sunk to a very low level in Germany of to-day. The idea that the individual must undertake sacrifices *vis-à-vis* the State has given way to an egoism that makes us despair of the State. I have often had the impression, when trying to steer the ship of State through the breakers, that I was standing quite alone, and instead of positive support from those who stood nearest to me, I had to expect nothing but negative criticism. In this situation, which is extremely disheartening, the news that reached me regarding Your Eminence's attitude greatly encouraged me. As, in my view, the renascence of the German people can only emerge from the moral idea, so he who stands in the responsible position of leader can only achieve any results if, apart from conscience, his soul is strengthened by the conviction that powerful friends of the Fatherland are associated with him in their thoughts, and support him with their energy and their goodwill. For this, I cannot forbear expressing my sincere thanks to Your Eminence.

If I may further address a request to Your Eminence it is this—that you will extend the great influence of your personality for the moral regeneration of the people beyond the limits within which it has hitherto been exercised so that it reaches the public at large. Everywhere we see at present only destructive and subversive tendencies at work. Never was the unity of the Reich so seriously threatened as at present, because, in the relation of the States to the Reich, in place of a great ideal reserve of strength, rooted in the idea of the Reich, appears too often a selfishness that asks whether the individual cannot secure advantages for himself if he breaks

loose from the whole. Never was there greater selfishness among the Parties, which are continually asking themselves what they have to gain or lose if they adopt this or that policy. Never was the conflict of interests more lively than at this time; never have we been so far removed from that attitude of mind to which, in the Napoleonic era, Germany owed her regeneration. In those days a Prussian Government could venture to reduce the salaries of officials by one-third. In those days the King sold his gold plate to help the finances of his country; in those days the members of the East Prussian Diet raised a loan on their own private property to save the existence of the State. To-day, many people think that now that we have lost the greatest war in history, they can do less work and make higher claims upon the State than before. What are laws, and Parliament, and Government, compared with the great question of reawakening the moral forces of the nation, without which we shall not escape from strong foreign political pressure or from our anxieties at home?

In the struggle for the national soul the Catholic Church and her leaders have always been able to exercise a great influence. Moreover, I regard it as one of the few encouraging results of the War that the opposition between the creeds, previously so marked, has receded into the background, and that above these controversies, in a broad general idea of Christian attitude to life, men have joined hands in all the questions that affect the Fatherland. If Your Eminence would, of your goodness, help in this moral regeneration of our people, Your Eminence's words would go far beyond the limits of the Catholic Church and reach the ears of the entire German people. We need appeals to the German nation, that will show us the way out of the depths up to the heights, out of the darkness to the light, from discord to unity, and make us live once more in faith in what is to come.

If Your Eminence will consent to help us in this fashion, I beg you to believe that the Reich Government will consider it an honour to give you every possible support, and I would beg to place myself at Your Eminence's disposal in this matter.

Should Your Eminence desire, in consequence, to visit Berlin, I would regard it as the highest honour to be allowed to offer Your Eminence hospitality, and explain my views in detail, and thus perhaps in some degree to meet the misrepresentations of my policy that, to my deep sorrow, reach me particularly from Bavaria.

To this letter, Cardinal Faulhaber sent an answer on November 6th, the conclusion of which is as follows:

I have never concealed the fact that I regard the federalistic bias of the Weimar constitution as a statesmanlike necessity, to put an end to the creeping pest of civil war, and use the precious forces of the individual German stocks for the service of the whole. I have never concealed my conviction that all the educational legislation of the Reich affecting elementary schools was calculated to threaten the hitherto recognized Catholic schools, and thus interfere with the parents' freedom of conscience and destroy confidence in the Reich among wide circles of the population. I have never concealed my conviction that the loyalty of the Bavarian people to its Ruling House claims for itself the right of popular self-determination. But all this should only be brought about by constitutional and bloodless methods, not by revolt, and bloody and brutal attacks upon the normal course of development. May it be possible, by God's help, first of all to provide our poor people with bread and work, and reach a peaceful settlement with our neighbours on the basis of justice and moderation, and avert the miseries of civil war.

A STATE OF EMERGENCY IN BAVARIA AND THE REICH

In the night of September 25th-26th the Bavarian Council of Ministers decided to proclaim a state of emergency in Bavaria, at the same time issuing an appeal to the Bavarian people and reviving an old decree providing for public safety and order. As Commissary-General of the State, to whom the executive power for Bavaria was to be entrusted, the Bavarian Government appointed Herr von Kahr. As soon as this news was made known in Berlin, the Cabinet met, the Chief of the Army Command, General von Seeckt, being present.

A state of emergency was thereupon proclaimed in the Reich. During the same night, the President of the Reich issued, with the counter-signature of the Chancellor, Dr Stresemann, under the terms of Article 48 of the Reich Constitution, a decree making provision for the restoration of public order and safety throughout the Reich. The Reichswehr Minister, Gessler, was entrusted with full powers for the whole country.

TELEPHONE CONVERSATION WITH KNILLING

Note by Stresemann:

September 27th

Herr Ministerpräsident von Knilling has just rung me up and stated as follows:

He was anxious that I should be informed of the reasons that had induced the Bavarian Government to take the steps they had done yesterday. Bavaria was in a state of extreme agitation, and it was to be feared that follies might be committed in any quarter. The intention was to forestall any such mishaps, and this was especially the aim of Herr von Kahr (whose appointment as Commissary-General of the State had aroused mistrust in Berlin) in view of the fact that he had special connections with the organizations of the Right and could use his influence in that quarter. He begged me to be quite sure that Herr von Kahr would use his position in a completely loyal manner. But now the "state of emergency" declared in the Reich had given rise to a situation that contained the possibility of danger. He did not know whether von Kahr and von Lossow would see eye to eye in all circumstances. He thought there would be special risk of a divergence of view if another Civil Commissary were appointed by the German Reich.

I replied that we had been rather unpleasantly surprised to hear of the decision of the Bavarian Government through reports in the Press. We had not been able to prevent the Press printing these reports, while we could well imagine the effect that would be produced, as in fact it was, by the Press so understanding the affair as to write of it as "The Kahr Dictatorship in Bavaria". This might give rise to repercussions in our own Radical circles of the Right which would have to be averted forthwith. When it was announced in Nürnberg that Bavarian fists must set Germany in order, those circles in Germany that desired such an eventuality would be excited by the news of the transfer of power to Herr von Kahr, and feel that for them, too, the moment had come to strike.

As regards the question of Bavaria, I assumed that von Kahr and von Lossow would reach an agreement. The appointment of a Civil Commissary was not at present contemplated. We had no notion of interfering with Bavaria in what was after all a difficult domestic question—a remark that obviously relieved Herr von Knilling, and he said that that made matters much easier.

I broke off the conversation by telling him that the English Ambassador was waiting for me in the next room, and that I could not keep him any longer without discourtesy.

On September 29th Stresemann noted in his diary: "The position as between Bavaria and the Reich comes to a head". The News Agency of the Bavarian People's Party throws some further light on

the situation: "Berlin is in mortal terror of Bavaria. Bavaria can only advise the Berlin Government to keep out of the game. Bavaria will get out of her own difficulties. We need no Berlin Press Censorship, no emergency Tribunal of the Reich that might remind us of those highly suspect 'Laws for the Protection of the Republic'. We only need a free hand, and Bavaria and the Reich will get on very well. If the politicians are not intelligent enough to let us have it, we must take it for ourselves."

PASSIVE RESISTANCE ABANDONED

The week now beginning brought the decision regarding the fate of the occupied area. The Chancellor had to decide to draw the consequences of the existing situation. At noon on September 24th, 1923, there was a conference of the Reich Cabinet with representatives of all Parties from the occupied area. Stresemann explained, referring to the financial position of the Reich, and the impossibility of inducing the enemy Powers to grant his chief demands,—viz., that the prisoners should be released and German sovereign rights re-established over the Rhine and the Ruhr, before passive resistance was abandoned,—that no advantage was to be expected from a prolongation of passive resistance. In the debate that followed, the representatives of all the Parties, with the exception of the German Nationals, supported the Chancellor's view.

In the afternoon, under the chairmanship of the Chancellor, there was a meeting of representatives of industrial groups and members of the professions in the occupied territories, among whom was Stinnes, with members of the Cabinet. At this meeting the idea of passive resistance was finally abandoned.

Cabinet meeting September 24th, 1923, 4.30 P.M., with representatives of industrial and official associations:

In his retrospect of the development of passive resistance, Stresemann went over the reasons that had convinced the Government of the necessity of abandoning it.

A prolongation of passive resistance would not have been possible without the complete collapse of German currency and industry; and no external advantages were to be expected from its continuance. A discussion with the Party leaders from the occupied area showed agreement with these views. He asked those present to express their opinions on the question. There was no question of assuming any responsibility for the step; such responsibility would be borne solely by the Government.

What the future would bring was obscure, as the future attitude of the occupying Powers was, for the time being, not determined. In any case Allied demands for the separation of any German territory from the Reich would be vigorously rejected by the Government, which would also insist on account being taken of the German demands for the return of exiles and an amnesty for those convicted.

The representatives of Rhineland industry agreed in the main with Stresemann's observations, as did the rest of those present. A proposal by Oberbürgermeister Jarres, that the Government should openly declare that they no longer considered themselves bound by the Versailles Treaty, as there was no prospect of any understanding with the French, produced disagreement in the meeting. Stresemann expressed his regret, and said that neither he nor the Government allowed themselves to indulge in any false optimism. A responsible Government could not regard a situation as in being, when it had not yet defined itself. Any sacrifice of German territory would not be so much as considered by the Cabinet or the President of the Reich. They would not, however, be confronted with such a decision until the negotiations were actually in progress. If they were to-day to break off relations with the invading Powers, and reject the Treaty of Versailles, this would mean leaving the population of the occupied territories to their fate, and removing any basis of equity in virtue of which any other Powers might intervene in Germany's favour.

After a short debate the Chancellor satisfied himself that the large majority of those present agreed with the Chancellor's view. Passive resistance had been of great service; it had united the German people and made a deep impression on the world, and they could look back with pride upon the past. As to the future, he believed in the German people, and their conception of the State must suffer no damage. They must cleave steadfastly to that conception and to the unity of the Reich.

Conversations between the Premiers of the German States and the Reich Cabinet, and between the Chancellor and the leaders of the Party Groups on September 25th, resulted in agreement on the matter of abandonment of passive resistance. Only the leader of the German National People's Party wanted passive resistance carried on with more vigour.

The Bavarian Premier, von Knilling, attended the discussions on

September 25th, and was understood to say that Bavaria recognized the abandonment of passive resistance as a result of the burden on the finances of the Reich, but that the outrage to justice and the breach of the Treaty involved in the Ruhr invasion and recognized by England still stood, and that the Treaty, which had been invalidated by the invasion, could no longer be regarded as binding.

On the 26th the Foreign Committee sat to hear a statement from the Chancellor. In the discussion that followed, Count Bernstorff (Democrat), Dr Breitscheid (Social Democrat), Dr Spahn (Centre), and Dr Scholz (German People's Party) approved Stresemann's explanations, while Dr Helfferich (German National People's Party) urged that passive resistance should be replaced by a breach with France. In reply to this Stresemann pointed out that the German National proposal to leave the maintenance of the occupied territories as well as the restarting of industry to the care of France and Belgium, in the first instance, had already been most definitely condemned by the representatives of those territories. Such a step would be regarded in the Rhineland as a surrender, even as a betrayal.

The Reich Government thereupon issued an appeal to the German people, the conclusion of which was as follows:

"In order to maintain the life of the people and the State, we stand to-day before the bitter necessity of breaking off the struggle. We know that, in so doing, we are claiming from the population of the occupied territories even greater spiritual sacrifices than before. Your fight was heroic, and heroic your self-command. We shall never forget what was endured by those who went through this ordeal. We shall never forget the sacrifices of those who preferred to leave their homes rather than break faith with their Fatherland.

"The Government's principal task is now to secure the release of the prisoners and the return of the exiles. The struggle for these elementary human rights comes before any economic and material considerations."

STATEMENT TO THE ALLIES

On September 27th the official announcement of the abandonment of passive resistance was made to the representatives of the Allies. The French Ambassador, de Margerie, the English Ambassador, Lord D'Abernon, the Italian Ambassador, Count Bosdari, and the Belgium Minister, de la Faille, were received in succession by Stresemann, who made known to them the decision of the Reich Government. Only to the English Ambassador did he open his mind.

Note by Stresemann:

September 27th

I informed the English Ambassador that the Reich Government had decided to abandon passive resistance, and to withdraw the decrees relating to the financing and support of passive resistance. The cancellation of these orders would follow in the course of the day; there had been delay because of the serious formal difficulties involved, and because it had to be accompanied by instructions and advice to officials, employees, and workmen, if there was not to be chaos instead of a resumption of work. The decision to abandon passive resistance had been very difficult for the German Government, as it would obviously give rise to great national excitement and anger. This had, in fact, already occurred. In Bavaria the wave of excitement rose so high that a "state of emergency" had to be declared; and the Reich Government replied by a similar declaration. This would show how difficult it would be to carry through these measures in the face of our public opinion.

I was here interrupted by a telephone call from the Bavarian Premier, Herr von Knilling, and talked to him from a neighbouring room; in this connection I then informed Lord D'Abernon that Herr von Knilling had assured me that the step taken by the Bavarian Government was entirely loyal, and not directed against the Reich; indeed it was their intention to co-operate with the Reich in defeating the Radical Right.

In continuance of our former conversation I then asked Lord D'Abernon whether the English Government was inclined to assist in the re-establishment of normal conditions in the Ruhr. It was true that only France and Belgium had participated in the invasion, but the question of the restoration of order raised all the larger political questions. Did, for example, France claim to retain control of the railways, or to take over the political administration of the Rhineland, or to retain the mines that she at present controlled? The great decision with which the German Government was faced could only be decided when these questions were cleared up. If we were merely to be given the task of restoring economic and political order in these provinces, but not to be allowed to exercise any political or economic sovereignty, then the time had come when the German Government must say No to any such demands. I referred to the passage in our Address to the Nation,

in which we undertook not to surrender a foot of German soil, and I added that a semblance of sovereignty, or the creation of a Rhine State, would be regarded as a violation of that undertaking. We had heard with regret that part of the English Press had expressed the view that England had really no great interest in German unity, and that the Germans had been very well content at the time when they were still Hanoverians, Saxons, and Prussians. Lord D'Abernon here interrupted me and said with emphasis that he could not think that possible.

I then informed him of the German National point of view—that we should have acquiesced in a break with France, and that England would then have had an opportunity, on the basis of her Memorandum of August 11th, of coming to terms with Germany on her own account; against which I stated the opposing view that, firstly, passive resistance was really an obstacle to any such move on England's part, and that, secondly, it was time the situation was cleared up, in which connection I repeated the main points of my speech against Helfferich at yesterday's meeting of the Foreign Committee of the Reichstag. Lord D'Abernon agreed, and said that he personally entirely shared my views.

On September 27th the average dollar rate was 142,400,000.

AFTER THE ABANDONMENT OF PASSIVE RESISTANCE

Stresemann stated as follows at a meeting of the Cabinet on October 1st:

The negotiations with France had come to nothing. As a result of the desperate financial situation we had been forced to give up passive resistance.

It was now essential to discover some lines of demarcation for future negotiations with our opponents. The first matter that called for attention was the action of France on the Railways question. Proclamations had been issued by the Occupying Authorities to the effect that the railway employees were to hold themselves at the disposal of the Administration and to take a special oath. As a result, the question became acute as to how far we could go while still preserving our sovereignty. We could not tolerate such a proceeding. According to other information France was pursuing a dilatory policy in all questions that con-

cerned the Ruhr. We must therefore acquiesce in the continuance of the present situation.

The French Press maintained that France could do nothing because German Reparations payments had not yet begun. Against this must be urged that it is quite impossible to begin payments to France at the expense of the German tax-payer, before anything was known regarding the fate of the exiles and prisoners. This was a politico-psychological question of the first order. If it was ignored, there would be a concentration of public opinion against the Cabinet.

The Chancellor opposed the suggestion of the Cabinet Commissioner-General for the Occupied Territories that the Administration should be approached through trustworthy persons with a view to finding a *modus vivendi*. It would be much better to put out a general statement to the effect that no negotiations could be initiated before an official reply had been received from Paris or Brussels indicating a willingness to negotiate with Germany at all. Until then, no local negotiations should be admitted.

After the Minister of Finance had explained the impossibility of making any deliveries in kind to France, Stresemann again said that the resumption of the deliveries in kind was impossible until some statement had been received from France. The Minister for Trade and Industry believed that we should come to no settlement with France. On that account he proposed that we should confine the statement to questions of sovereignty and humanity. Questions affecting deliveries in kind should be entirely excluded from the debate. Upon a suggestion from the Vice-Chancellor that reference should none the less be made to the deliveries in kind in drafting the statement, Stresemann supported the view of the previous speaker.

The President of the Reich expressed his agreement with Stresemann, and settled that the Cabinet should unanimously support the Chancellor in his statement to the Reichstag.

As regards the second point on the Agenda, the position in Bavaria, the Chancellor examined the reasons that had led Bavaria to declare a state of emergency. He also went into the legal position, and the relation between the state of emergency declared in the Reich with that in Bavaria. He would resolutely resist any Bavarian attacks on the Reich Government. In the lively debate that followed the Chancellor read out a record of his telephone conversa-

tion with the Bavarian Premier, and in opposition to the Reichswehr Minister, who had preceded him, he denied that he had said that the two "states of emergency" could exist side by side.

The President of the Reich, with whose proposed draft the Cabinet expressed agreement, said that he thought that the Chancellor should refer in the statement to his intention of sending a communication to the Bavarian Government regarding the present situation as between Bavaria and the Reich. The despatch of the letter itself could be delayed for the moment.

As regards Trade and Finance the Chancellor proposed to offer a definite programme in his statement. He asked his colleagues whether they would agree to his saying something of this kind: The Government asks for an Enabling Act authorizing them to take the necessary financial and economic measures in the matter of finance and economic and political questions. The Government must also be empowered to provide for a prolongation of the working day in the essential trades, and to increase the working hours of officials. For wage agreements, also, the right to allow overtime must be recognized.

THE KÜSTRIN PUTSCH

On October 1st, about 5 o'clock in the morning, Stresemann was awakened by a telephone call, reporting a *Putsch* in Küstrin. The following report on the matter was issued in the course of the morning.

"Bodies of National-Communists tried to surprise Küstrin early to-day, and forced their way into the Old Town, which was not garrisoned by troops. The Commandant of Küstrin arrested the leaders. The garrison, which has been reinforced from neighbouring military posts, has orders to use every possible means for the complete re-establishment of order."

A little later, the Reichswehr Ministry was able to announce that as a result of energetic action the Commandant of Küstrin had quickly mastered the situation. The garrison had forced their way into the town and driven the rioters into the arsenal. Many of the leaders had been arrested.

The above reports describe the *Putsch* organized by Major Buchrucker, who had originally planned a surprise raid on Berlin, and the capture of the Government, more especially Stresemann. The instigators of the disorder were brought before an extraordinary Court at Kottbus. Buchrucker was sentenced to ten years' imprisonment for high treason, but was released in 1929.

RHINELAND—SAXONY

The Küstrin movement was not unconnected with severe encounters with the Separatists in the Occupied Territories. Large numbers of Rhinelanders having assembled at Cologne on September 30th, publicly to proclaim their loyalty to the Reich, certain Separatist celebrations at Düsseldorf, at which the Rhenish Republic was to be proclaimed, led to bloody street fighting. French infantry and cavalry disarmed the German police and insulted loyal German demonstrators.

In Saxony the Communists, who had now entered the Zeigner Cabinet, demanded the convocation of a Congress of Factory Councils, the organization of Red Hundreds, the dismissal of the Reichswehr Minister, Gessler, and the formation of a Socialist-Communist Government. They also called for the immediate mobilization of the masses.

THE CRUMBLING COALITION

On October 2nd conversations took place with the Party Groups. The views of the two Wing Parties of the Coalition were sharply opposed. On the one side, the German People's Party proposed that the Government should, by an Enabling Act, be granted special and far-reaching powers regarding measures of a financial, economic, and social nature, the abolition of the eight-hour day by the revision of the Labour-time Law, and the avoidance of a conflict between Bavaria and the Reich. On the other side, the Social-Democrats declared that the Enabling Act extended exclusively to financial measures; the eight-hour day must not be touched; and the Government was not to shrink from a conflict with Bavaria, if the attitude of the Bavarian Government seemed to threaten the sovereignty of the Reich.

Stresemann was present at the meetings of his Group. There were loud appeals for changes in the personnel of the Cabinet. Scholz attacked the Socialist Ministers Hilferding and Radbruch; they did not command the confidence that was essential if such far-reaching and uncontrolled powers were to be granted to them. The resignation of Raumer was also demanded on the ground that he had not been energetic enough. He sent in his resignation forthwith.

At the Cabinet meeting on October 2nd, Stresemann read out Raumer's letter of resignation. The Chancellor said that he had not yet answered the letter, but he proposed to make clear in his reply that he did not agree with the reasons given for the request. In his

view, there were no insuperable conflicts of opinion on economic matters that might be expected to bring about Raumer's resignation. He explained the differences that had arisen in the negotiations with the Parliamentary Groups regarding the Enabling Act and the statement of the Government, for which he could as yet see no solution. The points at issue were the Bavarian question, the formulation of the Enabling Act, and finally the eight-hour day.

As regards Bavaria, the Cabinet were hitherto agreed that a breach with Bavaria must at the moment be avoided at all costs. The statement of the Social-Democratic Group had surprised him and the President, and created a new situation. The question was whether the Social-Democratic members of the Cabinet were thus bound by an unalterable resolution, or whether there was any possibility of an understanding. The supposition of the Reich Minister of Finance (Hilferding), that the German People's Party was intending to push the Social Democrats out of the Cabinet, was repudiated by the Chancellor. The People's Party wanted to avoid a breach with Bavaria under any circumstances, and on that account, the Social-Democratic proposal, which endangered the unity of the Reich, could not be accepted. Their task was to create a common defensive front, and for this purpose the widest and fullest powers were needed. The intensification of production was one of the most essential economic measures, without which any kind of reconstruction, and more especially a restoration of the currency, was impossible. Stresemann demanded from the Cabinet the courage of responsibility and, if need arose, independence of the Party Groups.

At the close of the meeting, mainly as the result of the efforts of the Chancellor, the Vice-Chancellor, the Minister of Transport, the Minister of Labour, and the Minister of Finance, the following compromise was reached:

"The extreme distress of our people in this most bitter struggle for its economic and political existence compels us, as regards the basic industries, to lengthen for the present the hours of work so far as considerations of health will permit. In the mining industry, more especially, an eight-hour day, inclusive of arrival and departure, is indispensable. Similarly, industry must be permitted to exceed the eight-hour day, more particularly to make use of favourable opportunities for export, and to allow of greater exploitation of German raw material. The same principles must

naturally be applied to the public service. In heavy and unhealthy industries the eight-hour day must of course be preserved."

At the same time a draft was made of the Enabling Act, providing for the financial and economic measures that might be necessary, in connection with which the Chancellor made it clear that "economic" was to be understood to include "social".

THE END OF STRESEMANN'S FIRST CABINET

Note by Stresemann:

Oct. 3rd, 1923

Having regard to the reports in the newspapers that the Parliamentary Groups of the Moderate Governmental Parties proposed to put an end to the Great Coalition and get rid of the Social Democrats, I to-day received, separately, Dr Scholz and Marx, both of them members of the Reichstag. I asked Dr Scholz whether such a decision had, in fact, been reached. He said, No, and gave me some further details of a conversation that had taken place between himself, Herr Marx, and Herr Hermann Müller. In this interview the question of the replacement of the Ministers of Commerce and of Finance had been discussed. He had said to Herr Müller that Herr Hilferding had not the ability required for the post, and added: "As far as that goes, I fancy that two-thirds of your colleagues take the same view". Whereupon Herr Müller asked the corresponding question regarding Herr von Raumer, with the same added remark. As regards the point about the agreement of two-thirds of their respective colleagues, Müller had said: "You may be right"; while he had said to Müller: "I am too polite to contradict you". He assumed, accordingly, that there was an understanding that Hilferding and Raumer should be replaced.

As regards the position of the Social Democrats, the point at issue in my opinion is this: whether, in the broad social-political questions, they are willing to stand out for an increase of hours of labour, which is absolutely essential. If so, then even if the two Ministers above mentioned are replaced, it will still be possible to carry on with the Great Coalition. If not, then a Moderate Cabinet must take our place. In any case he entirely agreed with me that there was no reason for giving up the Great Coalition if an understanding could be reached on these decisive questions.

Dr Scholz also took occasion to raise the question whether, in

case Dr Luther might be considered for the Ministry of Finance, the Ministry of Supplies should be given to someone connected with agricultural circles, who could thus offer some guarantee that deliveries of agricultural products would not be held up. If the politics of such a person were perhaps of a German-National colour, this must be passed over. He asked whether any harm would be done if he touched on this matter, purely as his own personal point of view, at the conference of Party leaders. I answered that it was also my view that the Ministry of Agriculture should be filled quite apart from party-political considerations, and that it was a matter of no importance whether the Minister's politics were, inwardly, those of the German National Party. We had Secretaries of State who were generally assumed to be German Nationals, as for instance Schröder and Fischer. On the other hand, I thought it out of the question for any member of the German National Parliamentary Group, such as Herr Schiele, whom Dr Scholz had mentioned in this connection, to be considered for the post. For the rest, I had no objection if Herr Scholz should choose to raise this question at one of his forthcoming conferences of Party leaders.

My conversation with Herr Marx revealed a complete agreement of views. Herr Marx said that he had had nothing to do with these reports, and that he had simply called the conference with Herr Hermann Müller and Herr Scholz, to meet the suspicions of the Social Democrats by establishing that there was no question of an intrigue of the Governmental Parties against the Social Democrats.

THE ENABLING ACT: EIGHT-HOUR DAY

On October 3rd the Cabinet again met:

Stresemann read statements from the various Parliamentary Groups. In addition to the statements of the German People's Party on certain personal matters, the resolutions of the Social Democratic Party were decisive.

(1) The Enabling Act was not to extend to social-political matters, which were to be dealt with by parliamentary methods. The Centre and the German People's Party had rejected this proposal.

(2) The formula adopted for the regulation of labour-time was not acceptable. Having regard to the resolution of the Social

Democrats on social-political questions, neither Müller-Franken nor himself saw any way out. The situation demanded an immediate decision. The Cabinet must decide whether it could continue to hold together.

The proposal of the Democrats, laid before the meeting by the Vice-Chancellor, Schmidt, to the effect that the Labour Law as drafted by the Labour Ministry should be adopted and put through the Reichstag, Stresemann regarded as impracticable. If the Cabinet continued in its present form, the German Nationals would cause obstruction. The Labour Law could not pass if the Social Democrats voted against it.

The Chancellor intimated that his own Parliamentary Group would like to see the Ministries of Commerce and Finance in other hands.

The Minister of Finance having stated that the majority of the Social-Democratic Group (61-54) would not sanction the settlement of social-political questions by the Enabling Act, Stresemann saw no means of bringing it into existence. There was no way out of the crisis, and Stresemann laid stress on the fact that every member of the Cabinet had unquestionably done his utmost to find a solution. He had used his influence on his own Party colleagues; but the Group as such, on this matter of the Enabling Act, took the view that financial, economic, and social-political questions formed an inseparable whole.

The Reichswehr Minister having observed that the nation now wanted strong leadership and quick decisions, as otherwise the movement would get beyond the Cabinet's control, Stresemann said that only two days ago he had urged that the Cabinet should ask the Reichstag for the emergency powers; but Breitscheid had objected. Now that they had before them definite resolutions from the Party Groups, they could not appear in the Reichstag and ignore these resolutions. There was nothing for it but to resign.

At 11.30 P.M. Stresemann called upon the President of the Reich to submit the resignation of the Cabinet.

STRESEMANN ON RAUMER AND HILFERDING

Raumer had already left the Cabinet; Hilferding's dismissal was asked for and soon followed. Stresemann writes as follows about both men and their work together:

*The Raumer-Hilferding partnership was not accidental. More especially at the time of Dr Wirth's Cabinet, when, upon the occasion of the visit of the Reparations Commission, there was a call for a comprehensive economic and social-political programme, these two men formed a small committee, and then succeeded in uniting the Parties of the Great Coalition on a common basis. This fact was present to the mind of the leader of the People's Party, as Chancellor designate, when he proposed to combine the Ministries of Commerce and Finance in the hands of these two men. Dr Hilferding was a powerful financial theorist, and at the same time a man of conciliatory manners and unprejudiced views and ideas. Moreover, at a time when it was a venturesome thing to speak of the suspension of the eight-hour day, it was he who originated the first draft proposals on that subject. It was surely permissible to hope that this distinguished authority on currency would be able to cope with this decisive and important question. When Herr von Raumer received the Chancellor's request to enter the Cabinet, he said that the all-important thing was that the Ministries of Commerce and Finance, that had so often worked against each other, should be in close touch. He therefore made his entry into the Cabinet conditional on a conversation with Dr Hilferding, so that full agreement might be attained. After this conversation, Herr von Raumer said he was ready to enter the Cabinet, and the Chancellor believed that he might look with certainty for success from such co-operation.

THE SECOND CABINET

SETTLEMENT OF THE CRISIS

STRESEMANN'S difficulties in the Parliamentary Group of the People's Party were considerable. Not merely that members of the Reichstag, who already on the occasion of the vote of confidence on August 14th, had withheld their votes, bitterly opposed Stresemann's policy at the deliberations of the Parliamentary Group; their enmity went as far as conspiracy with the most uncompromising enemies of Stresemann, the German Nationals. The Deputies Maretzki and Quatz, by indiscretions to the Hugenberg Press, so violently hostile to the Chancellor, attempted a policy of pinpricks and open slander.

The German Nationals, whom efforts were constantly being made by the People's Party to conciliate, appealed to the public in the following terms:

"How long, how long? The rudder must be swung to the right! But the Coalition Parties of the Reichstag answer: Let us go on in the old way. Marxism has ruined Germany, and mismanaged her affairs. The bourgeois Parties in the Government are keeping it artificially alive. They dare not cut loose. Thus Germany is sinking into misery and destruction. We demand a definite policy. A truce to compromise! Turn the Socialists out of the Government. We demand a Government at last that will openly look for support in the national vigour in all classes of the people."

On October 5th at 10 o'clock, the Social Democratic Parliamentary Group in the Reichstag met to consider the Enabling Act again. At 1 P.M. Hermann Müller went to see Stresemann; the situation had not yet been completely cleared up.

The Democrats proposed that two experts on social-political affairs should be sent by each group to a conference, to devise a formula for the Labour Law that should satisfy all Parties. The conference began at 9 o'clock in the evening, and at 11 o'clock a conversation between the Party leaders took place under the chairmanship of the Chancellor.

At 4 o'clock in the morning an agreement was reached. The formula, which was not approved by all experts and Party leaders, stated that, while fully maintaining the principle of an eight-hour day as the normal working day, the readjustment of the labour laws was no longer avoidable. The extension, under due safeguards, of the present working day, would admit of the intensification

and cheapening of production now so essential to the national interest.

CONSTITUTION OF THE NEW STRESEMANN CABINET

Chancellor, also in charge of Foreign Office	STRESEMANN
Vice - Chancellor and Minister for Reconstruction	ROBERT SCHMIDT (Soc.) as before
Home Affairs . . .	SOLLMANN (Soc.) as before
Finance . . .	DR LUTHER (non-Party): in place of Hilferding
Trade and Commerce	DR KOETH (non-Party): in place of von Raumer
Labour . . .	DR BRAUNS (Centre) as before
Justice . . .	DR RADBRUCH (Soc.) as before
Reichswehr . . .	DR GESSLER (Dem.) as before
Post . . .	HOEFLE (Centre) as before
Transport . . .	OESER (Dem.) as before
Occupied area . .	FUCHS (Centre) as before
Food . . .	COUNT KANITZ (from 23.10 German National)
Secretary of Chancellor's Office	KEMPKE (German People's Party)

SCHACHT AS FINANCE MINISTER?

In place of Hilferding, Stresemann had at first thought of the Director of the Darmstadt and National Bank, Dr Hjalmar Schacht, who had already expressed himself as willing to accept the post. As appears from the note in Stresemann's diary under date October 6th, there were certain objections to Schacht's candidature, emanating from the Ministry of Finance, and based on events dealt with in the following letters:

To Dr Hjalmar Schacht, Berlin.

October 10th

In the turmoil of the last few days I have not had an opportunity of seeing you or writing to you. But I should like to make clear to you that only the bitter necessity of presenting a Cabinet to the Reichstag on Sunday evening (6.10), which should contain a Minister of Finance, prevented my asking you to appear before the Reichstag as one of my colleagues. I am now making thorough enquiry into the intrigues of which you have lately been the object, and

I will get into communication with you as soon as I have the result.

In any case, though it be not possible for you to undertake the post of which we originally spoke, I hope you may be able to give your assistance in other important tasks on which I know you share my views.

As soon as I can get a little free time, I should like to speak to you about the whole business.

To the President of the High Court,
Dr Simons, Leipzig.

Oct. 23rd

May I claim your kind assistance in a personal matter?

When my Cabinet had resigned, and new Ministers of Commerce and Finance had to be appointed, it was my intention to select for the latter post the Director of the Darmstadt and National Bank. The day before the Cabinet was to make its first appearance, I had a talk with him after our previous negotiations, once more obtained his official consent, and was on the point of calling on the President—who had already agreed—to get the appointment confirmed. Meantime Herr Schröder, Under-Secretary at the Ministry of Finance, appeared, and informed me that to his personal knowledge an action had been brought against Herr Schacht on account of his activities in Brussels during the War, and that the case had been subsequently considered by a committee under the chairmanship of Exzellenz Lewald, instead of by a disciplinary Court. The circumstances were known to the personnel of the office, and papers were available. He said he was prepared to work under Herr Schacht, but when he heard of my intention to appoint Herr Schacht Minister of Finance, he thought he would be failing in his duty if he did not inform me of these facts.

I could not help getting the impression from what Herr Schröder had said that the circumstances were such as to make it impossible for an official to serve under Herr Dr Schacht as Minister of Finance, and his remark that the circumstances were known, seemed to indicate that open attacks would follow. With this in mind I thought it necessary to acquaint the President with such a statement, made to me officially by an Under-Secretary of State. As it was impossible in the hour or two that still remained before the opening of the Reichstag to consult any papers or get any private information, I was forced—this, too, was the express wish of the

President, who said it was most undesirable to be exposed to attacks of any sort, such as had befallen the Cuno Cabinet—at the last hour to abandon the idea of appointing Herr Dr Schacht Minister of Finance.

My attempts in the meantime to get hold of the papers that are said to be available have been in vain. But I am very anxious that the affair should be cleared up, and indeed it is but justice to Herr Dr Schacht that this should be done. I must, moreover, satisfy myself whether Herr Schröder was justified in his interference in matters which should only have concerned him had there been a question of some dereliction of duty on the part of Herr Dr Schacht. I understand that you are familiar with what occurred. Herr Dr Schacht of his own initiative placed the enclosed documents at my disposal, more particularly the observations of Secretary of State, Dr von Richter, and of Herr von Lumm, together with a further note. I attach great importance to an expression of opinion on these matters from persons who remember them, and as I hear that you are one, I ask you to forgive me for troubling you and to let me have your views as fully as possible. The fact is I have made up my mind to ask Herr Dr Schacht to accept the post of Commissioner for Currency Questions, and this business might be brought up again in some quarter. I am convinced—and as far as I can see these papers bear me out—that there is no serious allegation against Herr Dr Schacht, but of course I would like the matter completely cleared up.

Dr Simons' reply made plain that Dr Schacht had not committed any dishonourable action in the matter in question.

To Dr Hjalmar Schacht, Berlin. *November 2nd, 1923*

Herewith I return the original enclosures which you sent to me with your letter of October 11th, and I am very much obliged to you for letting me see them, and for your own explanations. As you suggested I placed myself in communication with Dr Simons, and from his reply I observe, what I had never doubted, that the matter in question was in no way such as to unfit you for public office.

FIRST MEETING OF THE NEW CABINET

The new Cabinet met at 1 P.M. on October 6th, an hour and a half before the decisive meeting of the Reichstag.

The Chancellor greeted the members of the new Cabinet and introduced the new Minister for Trade and Commerce, Dr Koeth. The subject for discussion was the Chancellor's speech in the Reichstag. The main content of the speech was already known to Ministers from the discussions of the former Cabinet. Only a certain modification seemed desirable in the references to France in view of reports from Paris. From these it was apparent that it was not intended in France to demand an oath from the German railwaymen in the occupied area; moreover there had been, as it would appear, a certain change of feeling on the part of the French Government in regard to the Ruhr question. On this account he would soften a few acerbities in the previous draft of his speech. On the Bavarian question, however, he would adhere to the text of the Note, which, as had been agreed in the former Cabinet, was to be sent to the Bavarian State Government. Similarly, he stood by what he had proposed to say on economic, financial, and social-political questions.

The Reichswehr Minister mentioned a matter, which he had previously discussed with the Chancellor; on the following Wednesday the Saxon Diet would assemble to discuss certain questions affecting the Reichswehr, and among them his position as Reichswehr Minister, possessed of full powers under the "state of emergency". Military headquarters in Dresden had asked for instructions. As the Vice-Chancellor, the Ministers of Justice and the Interior considered that any interference with the Saxon Diet was legally and politically out of the question, Gessler said that he must at once resign if means were not found of stopping the debate in the Saxon Diet.

CONFLICT OVER THE ENABLING ACT AND THE VOTE OF CONFIDENCE

At the Cabinet meeting that followed upon this meeting of the Reichstag, the draft of an Enabling Act was adopted, with the addition of a clause by which this law was not to extend to the regulation of hours of work, curtailment of annuities ["the dole"], nor the relief granted to small fixed incomes, nor to the insured and those in receipt of allowances under the National Health Insurance Acts.

The Reichsrat accepted the Enabling Act by 46 against 17 votes, the dissentients coming from various Prussian provinces,

Bavaria, and Mecklenburg-Strelitz. Thuringia refrained from voting.

On October 8th, at 12.30 midday, the meeting of the Reichstag began; it ended at 12.21 midnight. Breitscheid spoke for the Social Democrats, Bell for the Centre. There followed a sharp attack by the leader of the opposition, Count Westarp, on Stresemann and his Cabinet:

"We must all agree", said Westarp, "that the policy of the Chancellor, the policy of this Coalition, has led to complete failure. The attempt to reach an understanding with France must be regarded as futile. The Chancellor himself admits that. The only achievement of this Coalition in foreign affairs is the abandonment of passive resistance. That is the achievement of a policy that believes it cannot rule without Social Democracy."

"That has nothing to do with it," cried Stresemann to the Opposition speaker. And when Count Westarp said, "I beg your pardon, but it most emphatically has", Stresemann again interrupted with the words: "You have yourself said that you would not continue passive resistance. A purely Moderate Cabinet would have acted no differently."

Stresemann replied to Westarp's attacks point by point, and once more defended the policy he had impugned. The contrast between policy and statesmanship began with "the courage to assume the odium of unpopularity, for the sake of the welfare of the whole". He did not refuse to combine with the Social Democracy which had held its own in the fight for the Rhineland. And in spite of the abandonment of passive resistance this fight was now at its height. But it could only be carried on by the community as a whole, and to make sacrifices for this was a higher duty than the politics of Party Groups.

By way of conclusion Stresemann said: "We have often enough been confronted by the question whether we could set our names to a treaty which made impossible demands on German sovereignty, German honour, and the status of the German Reich. I am not of opinion that we ought to bind ourselves to fulfil any and all obligations that may be imposed on us. But if we are forced into a position in which the terms of the treaty no longer hold good, a position in which we have to say, No, it is your business to make sure that such a moment finds a united German people."

MEETING OF THE REICHSTAG ON OCTOBER 11TH
DEBATE ON ENABLING ACT

At this meeting the parliamentary system was subjected for the first time to a test vote. The Parties of the Great Coalition could not produce the necessary total of 306 members. The German National Group, as their motion could not secure a majority, resorted to obstruction. After a statement by Schulz-Bromberg, the German National Group left the hall.

Towards the end of the meeting, von Graefe said: "This Government has never cut a sorrier figure than at this moment. Only a few minutes ago the Chancellor dared to try and bluff the house with the threat of dissolution if he did not get his way. Now, when he has failed, the Chancellor relapses into his lamentable habit of negotiation."

Stresemann, hearing on his way to the Reichstag the news of the possible result of the voting, had turned back and called upon the President of the Reich; he replied, when von Graefe had been called to order:

Herr von Graefe thought he could say that the Chancellor intended to bluff the House when he used the threat of dissolution. I would call attention to one point: I have not hitherto taken part in this debate as Chancellor. The decision as to what the Government will do if the Enabling Act is rejected, stands unaltered, at least for me, and for the authority that must decide. The question when the vote shall be taken is not for the Chancellor but for the Parties. The Chancellor had nothing to do with this motion.

Upon a motion by Marx the session was adjourned.

DISSOLUTION?

The President of the Reich had, so Stresemann informed his Cabinet upon receiving the news of the obstructive policy adopted by the German National Party, decided to dissolve the Reichstag if the Enabling Act was rejected, in order to maintain the authority of the Government. At this, the Coalition Parties requested that this measure might be postponed until the Saturday, when it was possible that the Act might be passed by a full vote of the House.

On October 11th it was made known that in case of a final rejec-

tion of the Enabling Act, the President had given the Chancellor full powers to dissolve the Reichstag.

At the meeting of the Cabinet on October 12th Stresemann reported that certain members of the Social Democratic Party, whom he himself could not have received, had gone to the President and urged the withdrawal of the dissolution decree. In his view there must be no hesitation; they must stand firmly by the decree.

THE ENABLING ACT PASSED

316 for acceptance, 24 against, 7 abstentions. The necessary two-thirds majority. The dissentients were the Bavarian People's Party and the Bavarian Peasants' League, as well as the German-Hanoverians. In the German People's Party there were again a number of abstentions, among them Dr Vögler. The whole German National Parliamentary Group took no part in the division.

TROUBLES OF THE GREAT COALITION

As regards his position *vis-à-vis* the Great Coalition, Stresemann goes into some detail in his reply to letter from Justizrat Ludwig Schultz, on October 9th:

I am entirely in agreement with Herr Scholz that working hours must be increased, and the demobilization decree must be suspended, and that we must not let these important economic and social measures be defeated by Social-Democratic opposition. At the same time, I made it perfectly clear to Herr Scholz, and he agreed, that the Great Coalition must continue, in the event of our reaching an agreement with the Social Democrats; I thought it quite impossible, without great disservice to the Fatherland, to exclude these people, against their own will, from co-operation with the moderate Parties. The consequence would simply be that Social Democracy would join up with Communism, and we should see such a cleavage of the entire people, that every notion of a united front with which to face the world would be utterly wrecked.

The negotiations that we have been carrying on here have produced the rather unexpected result that the Social Democrats have so far given way on these broad social-political questions, that it was possible to agree on a formula for the Labour Law modifying the eight-hour day, and it may be possible to dispose of the Act on

the basis of the principles discussed. As a result, the Group has empowered Herr Scholz to conduct the negotiations regarding a reconstruction of the Great Coalition, now that the German National Group, for their part, have declared war even on a Moderate Cabinet under my leadership, and yesterday unanimously expressed its confidence in the Great Coalition.

THE INDUSTRIALS NEGOTIATE WITH FRANCE

Meanwhile, in the West, there were tentative negotiations with France. Not, of course, between Government and Government. Poincaré seemed to be still pursuing his attempt to create further confusion in Germany by direct negotiations with representatives of the population in the occupied areas. On October 6th, in the middle of the negotiations over the formation of the Cabinet and the subsequent events in Parliament, came a message from Stinnes:

Note by Stresemann:

Oct. 6th, 1923

Stinnes rang me up just now and gave the following information:

Accompanied by Vögler and Klöckner he had yesterday had an interview with General Degoutte. As a result, he gathered that the French had in mind a very complicated settlement of the situation on the Rhine and in the Ruhr, and a settlement of a nature that did not involve any surrender of sovereignty. He accordingly urged that I should not say anything about a surrender of the Rhine or the Ruhr in my speech to-day, and asked me to receive him to-morrow so that he could go into these matters in detail.

Hugo Stinnes wrote to the Chancellor on October 7th:

With reference to my conversation with you and Herr von Maltzan regarding the measures to be taken in the West:

The representatives of the Rhenish-Westphalian coal industry request that, by Tuesday afternoon, the German Government will let them know definitely whether, in the forthcoming negotiations with France, the Government itself proposes to make the necessary agreements with France regarding the Western provinces by an immediate resumption of negotiations with the Reparations Commission; or whether they will leave it with representatives of the Western provinces, and more especially those of the Rhenish-Westphalian coal industry, to reach a *modus vivendi* with the

authorities on the spot, so as to secure the necessary supplies for the population, and the maintenance of industrial plant.

THE REICH IGNORED

Stresemann was not able to take part in the discussion at the Cabinet meeting on October 9th. The Minister of Labour, who took the chair in his absence, in reply to a series of vigorous complaints by Stinnes and Vögler, said that the Government was kept perfectly well informed as to the situation in the Ruhr by the various commissions and delegations that were constantly coming to Berlin. They also fully understood the difficult position in which the great Industrialists now found themselves. On the other hand he felt bound to point out that these gentlemen had to some extent given themselves away at the negotiations with General Degoutte, more especially in what had been said regarding the extension of working hours. It was indeed to be regretted that they had not called in a representative of the Employees to be present at their conversation.

Regarding the Düsseldorf negotiations of the Ruhr Industrials with the French General the *Matin* speaks of "two historic days". Stinnes had said that to begin with he regarded a working day of eight hours and thirty minutes in the mines and ten hours in the factories as necessary; Degoutte had refused to support this demand. On the 9th an agreement was reached between the Inter-Allied Commission and the Phoenix Works belonging to the Otto Wolff group, and the Rhine Steel Works. By its terms, both concerns, as a result of the protests of the Reparations Commission, resume the coal delivery once more, and pay the coal tax, including the arrears due since the date of occupation. In compensation, the confiscated goods and export licences are to be released.

GERMAN REPRESENTATIONS IN PARIS AND BRUSSELS

On October 9th and 10th the German Representatives, Counsellor of Embassy von Hoesch in Paris and Counsellor of Legation Rödiger in Brussels, made representations to the French and Belgian Governments. Stresemann reported on the outcome of this move, which had been rendered necessary by the independent action of the leaders of Heavy Industry, at the Cabinet meeting which took place at 9 o'clock. The semi-official Belgian telegraph agency reported:

"The German Chargé d'affaires had an interview this morning with the Foreign Minister, M. Jaspar, to whom he is reported to have said that Germany wished to co-operate in the resumption of

activity in the Ruhr, and again to deliver coal on Reparations account. Germany also desired a meeting of German, French, and Belgian delegates to settle arrangements. Jaspar is reported to have informed the German Chargé d'affaires that he would communicate with the French Government on the matter. In any case the German Government must promise the employers who are prepared to deliver the coal, that they will pay for it, and furthermore issue orders to the German railwaymen to resume work."

Regarding the interview of the French Premier with the German Chargé d'affaires, the Havas Bureau stated semi-officially:

"The German authorities intend to use a resumption of work and of coal deliveries as a pretext for fresh negotiations. But there is good reason for supposing that their hope in this respect will be disappointed, and that M. Poincaré, in the interview which he is to have to-morrow with the German Chargé d'affaires, Counsellor von Hoesch, will refuse to promise any satisfaction on this point. The Allied Governments are, in point of fact, anxious to discuss this question, not with the German Central Government, that is to say with the authorities who, from Berlin, organised the opposition to the occupation; they are much inclined to discuss with the local authorities, or with the local industrial concerns or workmen's associations, the measures necessary for the restoration of normal industrial life in the Ruhr. The agreement that was concluded yesterday by the Allied Control Commission and the Otto Wolff Group sufficiently proves that an arrangement of the kind is practical and can be quickly carried into effect. Interference by the German Government would only prolong the negotiations regarding the resumption of work, which are, in fact, now proceeding very favourably, and will in a few days be general. The admission of delegates from Berlin to these negotiations would in no way be desirable or useful,—on the contrary: as soon as resistance in the Ruhr is actually and completely suspended, Dr Stresemann is free to apply to the Reparations Commission, to state his views to that body, and to request to be heard by the Commission regarding future negotiations. Through that body and that body alone must the diplomatic negotiations between the Allies and Germany be carried on."

THE CABINET AND INDUSTRIAL NEGOTIATIONS

On October 10th Stresemann made a statement regarding the negotiations between the great industrialists of the Ruhr and General Degoutte at Düsseldorf. He gave an account of an interview that had taken place between the German Chargé d'affaires in Brussels and the Belgian Premier, and then read out the telegram

of the German Chargé d'affaires. From Paris came a brief report of the failure of the conference between Herr von Hoesch and the French Premier, who persisted in his opinion that passive resistance had not come to an end. In this connection he had in mind the salary advances paid in the Palatinate. It was now possible to state unconditionally that passive resistance *de facto* had been given up. The answer to the question in what form work in the occupied area was to be resumed was dealt with in the above-mentioned conversations in Düsseldorf.

The leaders of industry maintained that they had made known their intention to the Government. What had really happened was this: During one of the last meetings of the previous Cabinet, at which indeed the question of resignation had been discussed, a message was brought to him, the Chancellor, that representatives of the Ruhr industry were arrived and wished to speak to him. He had replied that he was not available during the meeting, and asked them to come again. As the resignation of the Cabinet had followed, he had no longer felt justified in receiving these gentlemen, who had, indeed, made no further appearance. In a telephone message from Düsseldorf regarding the conversations with General Degoutte, Herr Stinnes had asked that no obstacles should be put in the way of the negotiations.

The head of the Phoenix Works, Otto Wolff, had informed the Chancellor of the terms of his agreement with General Degoutte, which was then effective though it had not yet been signed. The agreement was read. The Chancellor pointed out to Herr Wolff that though the arrangement laid no financial burden on the Reich, it *seriously damaged the authority of the Government*. In his reply, Wolff had laid stress on the necessity of getting his Works into order again. Stresemann believed that as a result of this—Herr Wolff's—attitude on the part of industry, the German Government's request to Paris might be expected to be answered in the negative. Poincaré would point to the separate negotiations that had already begun, and which were, in his view, far preferable to any negotiations with the German Government. He feared that other industrial groups in the occupied area would follow Herr Wolff's example. According to Wolff's account, General Degoutte had stipulated that the productive capacity of the German iron industry should not exceed that of the French—it was at the moment only 40 per cent of that amount. Such a limitation would

have a paralysing effect on the industry of the Ruhr, which would hinder the payment of Reparations. It must be made quite clear that we wished to be placed in the position to pay Reparations by the restoration of the Ruhr industry. The provision of transition credits to the extent required by the employers, and the payment of the coal tax by the Reich, was impossible. If credits were guaranteed to the larger concerns, similar claims would be made by the smaller ones.

The employers were still further attacked on account of their negotiations with the French civil and military authorities. To clear the political atmosphere, on October 12th the Chancellor granted an interview on these matters to a representative of the *Kölnische Zeitung*, in the course of which he said:

I cannot but regret that these negotiations were brought to a conclusion without giving notice to the German Government. Though we are hardly in a position to exercise any immediate influence on the negotiations, it is obvious—and the fact is assumed on the French side—that negotiations by local authorities or organizations ought only to be conducted in close touch with the Government of the Reich. Indeed, this is all the more essential, since we regard the illegal occupation and the present conditions in the Rhineland merely as passing phenomena which must be succeeded by the restoration of legal authority and the sovereignty of the Reich Government.

(At the meeting of the Prussian House of Deputies on October 10th, Dr Kalle, a leading German industrialist, dealt with the hostile attitude of the Stinnes group to the Chancellor and the Cabinet. Without actually talking about high treason, he uttered a warning as to the standpoint of the Social Democrats. But he added that the view was now very widely held in the occupied area that such negotiations should be conducted on the broadest possible basis, where possible by Rhenish industry as a whole, represented by employers and employed. The enemy no doubt had in mind the axiom: *divide et impera*. In any case it was desirable that the Reich Government should be apprised of every step and know exactly what was happening.)

At the meeting of the Cabinet on the afternoon of October 11th

to discuss the reply to the industrialists of the Ruhr, Stresemann asked that the drafting of it might be left to him.

He conceived the statement as a general pronouncement on foreign politics. It was essential to start from the financial position of the Reich, and make it consequently obvious that certain payments cannot be made. The Reich Government must accordingly leave it to the population of the occupied area to carry on local negotiations, subject to the condition that the sovereign rights of the State are not thereby infringed.

LETTER TO STINNES

Oct. 14th

To your letter of October 7th I reply at once in the name of the Government, as follows:

As you know, what made the abandonment of passive resistance inevitable was the financial distress of the Reich, which rendered it impossible to continue the financing of the operations for more than a very short time. Our decisions are, and must be, at present dictated by our financial position. The Government of the Reich, in its urgent desire to mitigate as widely as possible the difficulties with which the industry of the occupied territories is confronted as the result of a defensive war that was carried on by the whole of Germany, has, for a transition period, undertaken on behalf of the Reich the payment of the ultimately limited credits and subventions of which you are aware, although the Reich finances will be severely shaken in the process. Beyond that, I am afraid, we cannot go. We are now fighting for the immediate existence of the German people, and must subordinate everything to this standpoint.

For this reason it is no longer possible for us to finance the coal deliveries. The financing cannot now be done, as hitherto, by the issue of notes. The question whether Germany can raise an international loan is still completely in doubt. The devaluation of the mark grows more and more rapid. We have suspended the decree of January 13th last prohibiting deliveries on account of Reparations, and have thereby declared our willingness, in principle, to resume these deliveries, when the financial position of the Reich admits. At present such a proceeding is out of the question. For these reasons the Government cannot, in reply to the requests of

yourself and your friends, undertake to guarantee the payment for Reparations coal, nor to make good the value of the confiscated coal, nor the amounts paid in respect of the coal tax.

On the other hand, even before the abandonment of passive resistance, the Government was considering the question whether the general condition of industry did not call for the suspension of the coal tax. Coal prices are the foundation of the progress of industry as a whole. Their reduction is essential both for industrial and domestic use; on that account the Government has decided to suspend the coal tax, but has made this suspension independent of the lowering of coal prices in the manner and to the extent of which you are aware.

The situation that the mining companies have to deal with under the new régime has induced the Government to express their approval of a comprehensive freedom of action on their part. In order to enable the mining companies to conclude arrangements for the delivery of the fuel demanded by the occupying Powers, the Government has agreed that the Coal Syndicate shall release the requisite stocks. Moreover the Coal Commissioner will not interfere with such deliveries. In dealing with the question to what extent coal is to be kept in the occupied area, and sent out of it, the essential point is to avoid any agreements that may tie the hands of the Government. The more fundamental aspects of the question must later on form the subject of negotiations between the Governments concerned. The Government cannot be expected to express its agreement in advance with arrangements that the Occupying Powers have not yet made, without having been consulted in the process. As there are at present no negotiations taking place between the Governments concerned on these matters, the Reich Government agrees that the industrial organizations should, on your behalf, enter into negotiations regarding the resumption of industry, and that you should appoint suitable representatives for the purpose.

The Government must, on the other hand, insist absolutely that no negotiations shall be carried on nor agreements reached on matters affecting constitutional, and more especially sovereign, rights. It goes without saying that after the abandonment of passive resistance, the State railways will be once more at the disposal of industry; it also goes without saying that, in view of the State ownership of these lines, no statements shall be made by the

representatives of industry that might be interpreted to mean that industry consented to any diminution of the proprietary rights of the State.

As regards the question of the length of the working day, this is a matter for settlement by Act of Parliament; but that a modification of working hours is contemplated in the near future may be taken as certain.

THE COST OF OCCUPATION

On October 15th Stresemann submitted to the Cabinet a Draft Note to the Reparations Commission in which he stated Germany's incapacity to pay, and asked that the situation might be investigated. When this draft had been agreed, Stresemann proposed a Note to the Occupying Powers, suggesting that the payments of the costs of occupation, which fell to the Reich under the terms of the Peace Treaty, should be resumed for a period of three weeks, on condition that all confiscations and forced requisitions should be at once suspended. If an agreement in principle with the Occupying Powers had not been reached before the expiration of that time, a complete suspension of payments would have to be considered. At the moment this was not possible, as the rejection of the legal obligation would not be understood by the Occupying Powers and, moreover, regard must be had to the population in the occupied area, which was suffering severely under the present situation.

The Finance Minister, Luther, objected, and proposed a declaration of complete bankruptcy. The Chancellor replied that his proposal did not represent a one-sided obligation, but in compensation for what was offered, demanded the liberation of the population and of industry in the occupied area.

ENGLAND'S TACTICS

On October 16th Secretary of State von Maltzan had an interview with the English Ambassador, who had just returned from London.

According to what D'Abernon said, the English Government had hailed the reconstruction of Stresemann's Cabinet and its consolidation by the passing of the Enabling Act with great satisfaction. This made it possible for England to take up the problems

of the Ruhr and of Reparations. The negotiations conducted by the German Industrials had been followed with much interest, and had been cleared up by the Chancellor's answer to Stinnes. It was realized and well understood in England that Germany could make no Reparations payments until the Ruhr question was out of the way.

Lord D'Abernon was in possession of news from Coblenz to the effect that an agreement had been signed between the French and German railway authorities, by the terms of which the whole German railway system and Rhine and Ruhr was to be transferred to French hands and to be under French control.

Maltzan at once put Lord D'Abernon through to the Chancellor. Stresemann assured the Ambassador on the telephone of the untruth of these reports. French demands to this effect had hitherto been merely embodied in a protocol; and these demands had been refused.

Lord D'Abernon told the Secretary of State that England had entered into conversation with Belgium regarding the Belgian proposals. England and Belgium, and probably Italy too, would support the Belgian scheme.

THE RENTENBANK

After the Minister of Finance had, in a long debate, explained the measures he intended to take to establish the new currency and the Cabinet had agreed, on the basis of the Enabling Act, the Chancellor and the Minister of Finance issued on October 15th the decree regarding the constitution of the German Rentenbank. The paper mark was to be legal currency to begin with, which was not fixed at any definite exchange value against the Rentenmark, but was to be maintained by suspending the further printing of paper marks.

Dollar exchange on October 15th: 3,760,000,000.

SAXONY AND BAVARIA

Oct. 16th

The Commander of the troops in Saxony, General Müller, prohibited the formation and the meeting of the so-called Committees of Action, and of Defence, and similar organizations.

In Thuringia, also, a Social-Democratic-Communist Cabinet had come into existence.

As early as October 6th the difficulties with Saxony were again under discussion by the Cabinet. The Reichswehr Minister gave further information regarding the events in Saxony. The Saxon Premier, Dr Zeigner, had publicly announced that the Reichswehr Minister had forbidden him to make any observations at that

meeting regarding the co-operation of the Reichswehr with forbidden organizations. Last May the Reichswehr Minister had, in company with the Secretary to the Reichswehr Ministry, Major von Schleicher, visited the Saxon Premier to discuss the grievances of that State. It had been then agreed that in the future all difficulties should be dealt with in common. Only one point remained open: the part taken by Reichswehr troops in the National-Socialist meetings at Freiberg. Although he had several times asked the Premier to supply him with the necessary information, he had not yet received it. The Reichswehr Ministry wanted to sever all existing connection with any organizations, whether the latter were to be regarded as legal or illegal. The following instructions were accordingly given to Gessler:

In case an understanding with Saxony was impossible, he was to issue a statement on October 8th, referring to events in Saxony, and emphasizing that Saxony's case was unfounded, and that the Saxon Government had refused to place the case in detail before the Government of the Reich. Then the Reich Government must displace the Saxon Government and appoint a Commissioner. The executive powers of the Reich were to be directed against Saxony.

Stresemann announced in the Cabinet that it was desirable to await the result of the discussions in the Saxon Diet. As regards the legal aspects of the case, it was essential to be in a position to be able to take the strongest measures against such a proceeding on the part of Saxony. He asked the Minister of Justice to look into the matter.

The Reichswehr Minister also agreed that the Saxon Premier had not much of a case. For the rest, he agreed with what Stresemann had said. The Minister of the Interior took the same point of view and added that, as a result of conversations with Saxon members of the Reichstag, the proposals in question would be of a communistic nature, to which Dr Zeigner proposed to reply. The Saxon Premier had been warned by his own Party to use moderation.

The Reichswehr Minister replied that a conflict against the Reich had broken out all along the line and their opponents were relying on the weakness of the Reich. He adhered to Stresemann's point of view, but added that after the debate had taken place in the Saxon Diet, the extreme consequences must, if the worst came to the worst, be drawn.

The Chancellor dispelled all doubts that the Government of the Reich would not take vigorous action.

On October 16th at Leipzig, the Communist Saxon Minister of Finance, Böttcher, who had been officiating together with the Communist Heckert since October 12th in a Socialist-Communist Cabinet under the leadership of Zeigner, said that the alternative was between a White or a Red dictatorship. The proletariat must be armed at once.

General Müller, as Commander of the 4th Military Area, wrote to the Premier, Zeigner, and gave the Saxon Government until 11 o'clock on October 18th to take cognisance of this speech.

This communication was the cause of Sollmann's demonstration at the session of the Reich Cabinet on October 17th. Sollmann said that the situation in Saxony was coming to a head from day to day. General Müller had addressed a letter to the Saxon Premier which was an insult to Social Democracy as a whole.

Stresemann replied that the Minister of the Interior was not adequately informed. The President of the Reich, with whom he had had a detailed discussion of the matter, had expressed his agreement with the measures taken. The Saxon Minister, Böttcher, had openly declared war against the Reich Government, in that he had urged the formation of fighting organizations with the purpose of overthrowing the Capitalist Government of the Reich. The Dresden Chief of Police had requested the Police Force to regard themselves as belonging exclusively to the Saxon Government. It had been essential to take measures against such irresponsible utterances from authoritative quarters in Saxony, and to place sufficient force at General Müller's disposal to divert the Saxon Government from its intentions. The large industrialists in Plauen and Aue were in danger. As the Finance Minister in Dresden had requested the more important banks to provide the sum of 150 million gold marks for the necessities of life, there was a risk of coercive measures being taken against the banks, more especially as the banks stated that they were ready to provide money, to be handled, however, by General Müller, and not by the Saxon Government.

The Reich Minister of the Interior regarded the reports which had reached the Chancellor as one-sided. According to assurances he had received from the Saxon Minister Liebmann, the Communist Ministers intended to maintain strict order.

Stresemann replied that in a state of emergency, no provision had been made for intervention by the Chancellor, and asked whether

in future cases some other form of the "State of Emergency" had better not be chosen. For his part, if he had been brought into the matter, he would have written Dr Zeigner, whom he regarded as completely undependable, a much sharper letter than General Müller had done. He would have clearly stated that an attitude like that of the Saxon Government was completely impossible. Hitherto General Müller had taken no active steps. If the Government did not proceed to drastic action in Saxony, there was a risk that those who felt themselves threatened in Saxony would turn for help to Bavaria, which would mean civil war and the collapse of the Reich.

Regarding the events in Bavaria the Reichswehr Minister reported on October 6th that he had ordered General von Lossow to suspend the issue of the *Völkischer Beobachter*, and that von Lossow had passed the order on to the Commissioner-General of the State. The paper had, however, not been suppressed, and a further order to this effect also remained without result. General von Lossow had not, moreover, yet sent his promised report. The Reichswehr Ministry would know how to interpret this behaviour on the part of Lossow. The Chief of the Army Command, General von Seeckt, intended to write an article in the *Münchener Neueste Nachrichten* about the events in Munich. This statement, which was written in the form of an interview, was read out by the Reichswehr Minister and met with general agreement. There could be no further hesitation on this matter; drastic action was called for in the interests of the dignity of the Reich and of Saxony. He made no distinction between the Right and the Left. General von Lossow would be informed that his proceeding had been disapproved by the Reichswehr Ministry, and he would then forthwith hand in his resignation. As regards his successor, Bavaria had the right of proposal, to which the President of the Reich was compelled to give consideration, but he could refuse to make the appointment if the proposed individual was not suitable. Until the successor was appointed—and he by the agreement in force must be a Bavarian—Lossow's deputy would carry on.

"BAVARIAN" REICHSWEHR

(The conflict between the Reich and Bavaria broke out afresh when Gessler, through General von Seeckt, requested General von Lossow's resignation. The Bavarian Government declared that they would not suffer the removal of the Commander of the Bavaria military area.)

Note by Stresemann:

Oct. 12th, 1923

The Bavarian Minister von Preger came to see me to-day to inform me of the excitement caused in Bavaria by the departure of General von Lossow. A communication reached General von Lossow in which he was asked to tender his resignation. After the departure of General von Epp, which was indeed formally justified as he had reached the age limit, the excitement in Bavaria over the departure of General von Lossow had been acute. Lossow had been very popular in Bavaria; and his departure placed the Bavarian Government in a position of great difficulty. The Premier had addressed a letter to the Reichswehr Minister in which he called attention to the serious consequences that might result. A similar communication would also reach me, as he attached great importance to my being acquainted with the facts.

To this I replied that the affair had arisen out of the suppression of the *Völkischer Beobachter*, which had made most unpardonable attacks on General von Seeckt. The Reichswehr Minister had accordingly given orders for its suppression, but they had not been obeyed. The Reichswehr Minister had accordingly referred himself to General v. Lossow. Lossow had announced in a telegram to the Chief of the Army Command that in view of the political consequences that might be involved in such a step, he had not carried out the order which would, moreover, have led to complications with the Bavarian Government, which he was at all costs anxious to avoid. This telegram amounted to a threat that the General was not merely resisting this individual order, but that for the future he would only carry out such orders as did not disturb good relations with the Bavarian Government. The telegram had ended with the words: Report follows. As a matter of fact the General had allowed himself several days in which to draw up this report, and quite an interval elapsed before it came into the hands of the Reichswehr Minister. It did but serve to aggravate the situation, as in that same report General von Lossow observed that the suppression of the *Völkischer Beobachter* would cause great excitement in the best patriotic circles. He thus described Hitler's supporters, who found fault with General von Seeckt for his want of patriotism, as the best patriotic circles. The Reichswehr Minister had regarded this report as an insult. General von Seeckt informed General von Lossow that he no longer possessed the confidence of the Chief of the

Army Command; von Lossow was not officially requested to send in his resignation. In my opinion an understanding was only possible if General von Lossow made some move to clear up the position, and explain the ambiguity of his telegram.

Herr von Preger laid stress on the fact that a distinction must be made between the General who carried out the orders of a superior authority, and General von Lossow, who was the possessor of executive power in Bavaria. As such, he held civil and not military authority.

I observed that I could not accept this account of the matter, and I gave Herr von Preger the following example:

If the Government gave an order to General Müller in Saxony to occupy, say, West Saxony and Thuringia, and maintain order against the intrigues of the Communists, and General Müller were to state that he did not propose to carry out the order so as to avoid complications with the Saxon Government, what would the Bavarian Government have to say? After all there must be some centre-point of authority. I could have understood if General von Lossow had come to Berlin or sent an officer, and called attention to the political consequences that might be involved in the suppression of the journal in question.

I promised the Minister that I would talk to General von Seeckt and the Reichswehr Minister, and see if a way out could be found, but I said that in my view General von Lossow must make some move to explain his attitude.

(As a result of this interview with the Bavarian Minister, Stresemann stated in the Cabinet meeting of October 12th that half the gold deposit in the Nürnberg Reichsbank would be transferred to Berlin.

In the course of the Cabinet Meeting of October 20th he was called out to a short interview with the Bavarian Minister. He then informed the Cabinet that the situation was unchanged and that the Bavarian Council of Ministers had not yet taken any decision. There had previously been conversations with the Bavarian Ministers on October 17th and 18th and a Cabinet discussion of the subject on October 19th.)

Note by Stresemann:

Oct. 18th, 1923

The Bavarian Minister, Herr von Preger, came to see me and said that he had a very painful task to perform. News had reached him

that the Reichswehr Minister had had an interview in Augsburg with General Kress von Kressenstein. In this interview the Minister had stated that the Reich Government had decided to bring very strong pressure to bear on Bavaria by restrictions on Communications, Postal Services, and Finance.

I here interrupted the Minister and said that the Reichswehr Minister could not possibly have made such a statement, as no such resolution had ever been before the Government. He thanked me very much for the interruption, as it relieved him from the discharge of a most unpleasant mission. He took occasion to state that the conversation in question had been at once reported to the Bavarian State Government by General von Lossow. After my statement that the Reich Government had not taken any such decision, he seemed to regard the matter as disposed of, and said he would immediately telephone to his Government and inform them of what I had told him. Herr von Preger expressed the opinion that the only solution now possible was the voluntary resignation of Herr von Lossow.

Next morning the Minister reappeared, and said that he had received a telephone message from Munich to the effect that the Bavarian Government had become aware that the Reich Government had not taken any decisions of the kind, but that the Reichswehr Minister had used threatening language against Bavaria. Bavaria could not maintain communication with a Reichswehr Minister who used such threats. The Minister said that he had had a note taken of the conversation and would permit himself to send me a copy of it. I took note of this statement and asked whether the Bavarian Government proposed to make any public pronouncement. Herr von Preger thought there was no such intention, but said he would find out.

At the Cabinet meeting on October 19th Stresemann stated as follows:

The position in Bavaria had come to a head. The Bavarian Government had threatened to break off negotiations with the Reichswehr Minister, after Gessler's attempt at mediation, through General von Kress, by inducing Lossow to submit a voluntary resignation, and the latter had given a one-sided account of the negotiations. The President of the Reich had placed Herr von Lossow on

the retired list as from December 31st and decreed his immediate removal from his command. General von Kress had been appointed to the command of the 5th Division. The Bavarian Government had been requested to propose Herr von Lossow's successor. The President also suggested that the Bavarian Government might consider whether the "state of emergency" could not now be declared at an end. He himself, however, thought that for political and tactical reasons this step was for the time being impossible.

In Saxony and Thuringia a certain activity on the part of illegal organizations was to be feared. On that account Reichswehr formations had been concentrated at certain points, which it was hoped would lead to the intimidation of the radical elements and the re-establishment of public order and security.

On October 20th the Reichswehr Minister relieved General-Lieutenant von Lossow from his command, and secured his dismissal, on the ground that he had expressly refused to carry out an order, and had himself declined to draw the consequences of his conduct. Whereupon the Bavarian Government issued an appeal "To the Bavarian People" in which it was stated that such a proceeding could not be accepted, and that in defence of "the honour of Bavaria", until the restoration of good relations between Bavaria and the Reich, the Bavarian State Government had, as trustee for the German people, taken over control of the Bavarian section of the Reichswehr, appointed General von Lossow Commandant, and charged him with the leadership of the Bavarian Division.

A proclamation put out by the Commissioner-General, von Kahr, was couched in even more uncompromising terms:

"Let Bavaria regard it as her sacred duty to stand at this hour as a citadel of the German spirit. Bavarians! Germans! be true to your great task of restoring freedom to our German people!"

Upon which the Reich Government forthwith replied with a proclamation in the following terms:

"On the day when the representatives of Germany abroad issued a statement to the Powers conjointly regarding the international situation, in order to draw the attention of the world to the intolerable state of distress caused by the conduct of France in the Rhineland and the Ruhr, when a concentration of all our forces is more than ever necessary to stand fast against the enemy without, the Bavarian Government has thought fit to act in a manner that has led to a breach of the constitution and inner disorders. The origin of these disorders was the question whether military discipline, on which every army must be based, is to be valid in Germany to-day or not. The Chief of the Army Command cannot be expected to

suffer that plain orders issued by him should be ignored by a subordinate, on political grounds. An army in which the fulfilment of an order is made to depend on political considerations, cannot serve as an instrument for the maintenance of the power of a State within and without. The Bavarian State Government, which has so often upheld the idea of a people in arms, should surely realize that the maintenance of discipline in the army is the foundation of national defence.

"In this conflict for the unity of the Reich, we call upon all Germans to stand firm against those who would stir up disunion, in defence of that which alone can save the German people from imminent destruction, the German Reich and German unity."

The Chief of the Army Command, General von Seeckt, issued an Army Order to the Reichswehr, in which he described the proceeding of the Bavarian Government as an invasion of military authority in contravention of the constitution. He called upon the Bavarian Division of the Reichswehr to remain true to the oath they had taken to the Reich, and to place themselves unconditionally at the orders of their supreme military commander.

The transmission of this order and the publication of the Reich Government's proclamation was forbidden by Herr von Kahr.

The Reich Cabinet met on Saturday evening as soon as the news came in from Munich. By Sunday evening the tension had somewhat diminished.

Note by Stresemann:

October 21st, 1913

This afternoon the Bavarian Minister, Herr von Preger, came to see me, and officially handed to me a proclamation of the Bavarian Government, at their request. In so doing, he added that the Bavarian Government held the view that in the proceedings they had taken they were warranted by the terms of the constitution and had committed no breach of it. Upon my asking him what meaning was to be attached to the words in the manifesto to the effect that the "Government had, as trustee for the German people, taken over control of the Reichswehr", he stated it was not intended to require the troops to take an oath to the Bavarian constitution, but the idea was to lay the Reichswehr under some measure of obligation to the Bavarian State until the re-establishment of normal relations between Bavaria and the Reich.

I picked up the document and observed to the Minister that it struck me as very regrettable that in the case of so important a public pronouncement as this manifesto, the Bavarian State Govern-

ment should have published their intentions to the Press before we had been officially notified. This was the second of such occurrences, as the same method had been used in connection with the proclamation of the state of siege. I also pointed out that it was strange that the Bavarian State Government could not see their way to co-operate with the Reichswehr Minister; and that they should have taken these steps as the result of a report of a conversation in Augsburg without giving the Reichswehr Minister an opportunity to reply to the report in question, or allowing the Reich Government time to get into touch with the Reichswehr Minister himself.

The Minister then requested that the rest of our conversation might be confidential, and asked what steps it was proposed to take; he urged that no coercive measures should in any circumstances be applied to Bavaria, and that an attempt should be made to reach an understanding. I observed that any kind of personal meeting with Herr von Knilling seemed to me out of the question; and I thought the only feasible alternative was to lay the matter before the Reichsrat. Possibly a State that was not concerned in the dispute might bring the matter up, as for example Baden; to which Herr von Preger said that in such an event Bavaria would probably prefer Würtemberg because the Würtemberg Premier was not a Socialist. I then said that I would get into touch with Herr von Hieber, and suggested that the meeting of the Reichsrat should take place as soon as possible so that some sort of *modus vivendi* might be established between the Reich and Bavaria.

He rang me up on the telephone shortly afterwards and told me that he had telephoned to Herr von Knilling, who had expressed himself as very ready to fall in with the suggestion and said he would attend the meeting of the Reichsrat.

I then had a conversation with Herr von Hieber who told that on Monday at 11 o'clock the States of Würtemberg, Baden, and Hesse were to have a conference, and that he would thereupon submit a proposal that the Reichsrat should be summoned.¹

As a result of my talk with Herr von Preger and a resolution of the Cabinet, the text of a *communiqué* was agreed with the head of the Press Department, in which it was stated that the situation was considerably easier, and mention was made of the prospect of a

¹ The Government, under the Constitution of Weimar, Art. 64, had to summon the Reichsrat upon the demand of one-third of its members.

settlement in the Reichsrat; it was also announced that the troops were not to be required to take the oath. To be on the safe side I read the text of the note to Herr von Preger, and he expressed his entire agreement with it.

About 11 o'clock in the evening I received a message from the President to the effect that this *communiqué* had produced a reply from Munich in which it was stated that the report as to the Reichswehr was not correct and that the troops were to take the oath to Bavaria on the following day.

As I could not get Herr von Preger on the telephone that evening, I rang him up on the following day and asked him how this communication from Bavaria was to be understood. He told me that the *Münchener Neuesten Nachrichten* had applied to the State Councillor Schmelzle to know whether the *communiqué* should be printed, and he had answered in the affirmative. Shortly afterwards Herr von Kahr issued a contrary order. Unfortunately relations with the Press were very confused in Bavaria, as the Press Department received orders both from Herr von Kahr and from the Government.

I then called Herr von Preger's attention to the fact that the Reichswehr Minister would not be in a position, constitutionally, to pay the troops of the Bavarian Division if their allegiance was to be transferred to Bavaria, and I suggested that: (1) the further oath should not be called for until the matter had been cleared up by the Reichsrat, and (2) that if, in accordance with the explanation given by the Minister, that this oath did not, in the opinion of the Bavarian Government, affect the troops' allegiance to the Constitution, the Bavarian Government should make a public statement to this effect.

The text of the oath was obtained by telephone from the Bavarian Ministry, and proved to be as follows:

On the basis of the manifesto of the Bavarian State Government which has just been read to me, I acknowledge that I am entering the service of the Bavarian State Government, as the trustee of the German people, *until the restoration of normal relations* between Bavaria and the Reich, and I renew my obligation of obedience to my superior officers.

On October 22nd Stresemann made the following statement to the Cabinet:

The Bavarian Minister expressed himself in agreement with the

communiqué published yesterday in the Press. Against the will of the Bavarian Government, a contrary *communiqué* was put out, emanating from von Kahr, who is in touch with the forces of the Right in other parts of the country, and is working to overthrow Knilling. At 11 o'clock the Presidents of the States of Württemberg, Baden, and Hesse met to consider the situation. It is desirable that the Reichsrat should meet as soon as possible. I ask that the terms of this oath may be examined. Although we may contemplate such coercive measures as the withholding of the soldiers' pay, I would suggest that no steps be taken until the Reichsrat meets. The President contemplates requesting that the "state of emergency" in Bavaria may be suspended. The Cabinet must now consider in what terms we are to present our views to the Reichsrat on Wednesday.

The Reichswehr Minister pointed out the risk of discussing the whole question in the Reichsrat, as Bavaria would press for fundamental alterations in the constitution. But the Chancellor replied to these contentions:

The meeting of the Reichsrat must take place, and the States, as such, must offer their views; a detailed report of the proceedings will then be issued to the Press. The States will stand out for the unity of the Reich, and the meeting will in effect be a powerful demonstration in favour of unity. Bavaria must simply be asked her intentions.

Stresemann stated that the President of the State of Württemberg had asked that the Reichsrat might be summoned at once, in response to which the Cabinet fixed the meeting for Wednesday, October 24th, at 5 o'clock. The Chancellor was instructed of the views of the various States in advance. It was further decided to call for the suspension of the "state of emergency" in Bavaria, at least immediately after the deliberations in the Reichsrat.

A LETTER TO GENERAL SMUTS

On October 23rd General Smuts, who was representing South Africa at the British Imperial Conference, at a lunch given him at the South African Club in London, made a speech in which he said that the time had come for a great conference of the Powers mainly interested in the question of Reparations. The occupation of the

Ruhr should be made invisible without further delay, and the barriers between the Ruhr and the Rhineland and the rest of Germany should be removed. A very heavy responsibility lay upon France before the bar of history. It was possible that France could contemplate with equanimity the threatened dissolution of Germany, though even from the point of view of France that was a very short-sighted attitude. But England, and the small States that lay next to Germany on the Continent, could not view Germany's fate with indifference. For them all, the economic and political collapse of Germany would be a terrible and irreparable disaster.

This speech induced Stresemann to write to Smuts on October 29th:

The speech in which you spoke so frankly and impressively of the injustice done to Germany by the occupation of the Ruhr made me feel very grateful to you, as did also the kind message brought to me by Herr de Haas regarding your readiness to give us your support. It is a very uplifting thought for our country to find in a man of your eminence and knowledge of peoples and history so much understanding of the real position in Germany and of the urgent necessity that something should be done to put it right. We hail with joy your idea of a conference; the only point is that this conference must meet very soon, as our present condition cannot endure much longer without involving us in a devastating catastrophe.

We are, as I have repeatedly said, ready to assume the heaviest burdens, but all burdens are impracticable if the Reich is to be further dismembered by the policy of France, and the German people deprived of their means of subsistence.

In these few lines I can only give you a broad outline of our situation. I should be very glad of an opportunity of meeting you somewhere later on to talk over the problems of the world and Germany's position within the present aspect of affairs. I would be glad if this were possible, and I believe if we could meet after exchanging ideas, it might perhaps help matters on their course.

A RHENISH CURRENCY

Geheimrat Louis Hagen (Cologne) came to the Chancellor's palace and asked that the Chancellor might be informed that he had heard from certain German representatives from the occupied area that General Degoutte had proposed to improve the industrial

situation by the introduction of a new currency. He was under no doubt that this meant a franc currency which had already been introduced on the State railways. Moreover, on October 15th there had been a meeting of representatives of Industry at the Chamber of Commerce at Cologne, in the course of which Hagen had taken occasion to suggest that they should proceed with all possible deliberation and get into touch with the German Government. At the close of the meeting a "very prominent personage" had addressed the company and proposed to create a special Rhenish currency at once. The proposal had naturally been refused, but it could not be denied that an immediate solution of the currency question was regarded in all quarters as the first and most urgent necessity. The devaluation of money had gone so far in the occupied area that within the next week or so it was necessary to reckon with the possibility that payments could no longer be made in paper marks. In Düren and Stolberg the representatives of Industry had decided to take active steps on their own account and negotiate on all matters directly with the Belgians. A meeting of the entire Industrial Committee had been summoned for next Monday afternoon in Cologne, and its deliberations might serve to indicate the policy to be adopted in the immediate future.

THE FATE OF THE RUHR

On October 20th Stresemann informed the Cabinet that Poincaré in his interview with Hoesch had left no doubt that he intended to remain in the Ruhr until Reparations payments had been made. The Government of the Reich had now to apply to the Reparations Commission in order to clear up the Reparations question. A Note had been sent to Paris but had not yet been handed to the Commission.

Poincaré had made plain to Hoesch that the situation in the Ruhr as existing before January 11th must be restored. At that time, the Chancellor proceeded, the railways were under German administration, the taxes were paid to Germany, and the territory was not separated from the rest of the Reich. Germany would not refuse to negotiate on the basis of Article 23 of the French Yellow Book. But instead of this, something quite other than the restoration of the state of affairs existing before January 11th was now demanded, in particular:

(1) The reconstitution of the railway system in a form that would mean the complete transference of the control of the railways from the Reich to the local authorities.

(2) The repatriation of the exiles is not agreed; each individual case is to be considered by the local authorities on its merits.

(3) The local authorities are to take the place of the former administration of the Railways.

(4) The control of four further lines is demanded.

(5) The local administration is to have complete authority over freight rates.

These demands were not acceptable. France, however, insists in her answer that a protocol containing these demands shall be accepted by the German Government; if this consent is withheld, the negotiations are to be broken off. That means that France wishes to retain complete control over the Ruhr and declines to enter upon any negotiations until this situation is recognized. Such a policy could only be pursued by a Power that did not intend to negotiate. That this protocol is intended to give to France complete control over the Ruhr is proved by the fact that the English Ambassador asked excitedly whether Germany had definitely surrendered the railways in the Rhineland. The French Press, rendered a little nervous by Poincaré's demeanour, is trying to conceal the painful impression created, and is doing its best to establish an inevitable connection between the Reparations question and the control of the Railway system.

The Chancellor stated that he held a breach with France to be madness. On that account he was doing his utmost to secure an understanding with France. He had offered more than any previous German Government. He took the view that no ransom was too high for the liberation of the Rhine and the Ruhr. After the refusal of these definite proposals it was questionable whether any understanding was practicable. Any disposition to discuss the French conditions would lay the foundation for the establishment of the French Rhenish State.

Herr Stinnes, on his side, put forward at the instance of the Commission of Six¹ a proposal that seemed to promise a sort of solution for the time being. The mine-owners in the occupied area want to make possible a resumption of work by concluding separate agreements with the invading Powers. If this can be achieved, Reparations coal, up to about 16 or 18 per cent of the output, can be delivered at the cost of private firms in the first instance. The Industry hopes thus to facilitate the creation of

¹ A committee representing the great employers.

foreign credits. On the other hand the Reich Government recognizes the obligation to make good these outgoings when the public finances have been set in order. The Reich also expresses its readiness to reckon the taxes on industrial concerns against these advances. The miners have accepted these proposals. In the absence of a public declaration that other countries were prepared to guarantee credits, the proposal would mean a repudiation of the Chancellor's exposition of the situation that he had given to the Chargé d'affaires in Paris. But that is of no great consequence. What is of consequence is that if this proposal on the part of Industry is refused, we are confronted by the danger of an appalling famine. If Industry can guarantee these advances to the Reich on the basis of foreign credits, we shall be enabled to maintain our standpoint in regard to foreign affairs. The financial position of the Reich will not deteriorate, since the loss of the proceeds of taxation will be a matter of practical indifference, because as long as the occupied area is separated from the Reich the taxes do not accrue to the Reich. A refusal of the proposal, Stresemann said, would imply a surrender of the standpoint hitherto maintained by the Government.

The claim of the French Government, that the railways in the occupied area should be handed over, ought to be refused. After a statement from the Minister of Transport Stresemann once more emphasized the readiness of the German Government to negotiate; always provided that the French recognize the ownership of the German Reich in the German railways, even if the present situation is to continue until the final settlement of the Reparations problem. We must not subscribe to any coercion. The Allies of France would not, indeed, understand such an attitude.

After the Minister of Finance had made a statement, Stresemann again spoke, and gave it as his opinion that the payments to the Occupying Powers should not be at once suspended, but that an attempt should be made to determine a date for their cessation, having previously discussed the necessity for this proceeding with the parties affected.

In conclusion the Chancellor suggested that, having regard to the great importance of the decisions to be taken, they should be further considered on the following Monday. In the meantime, however, the following points were to be regarded as established:

(1) The unanimous intention of the Cabinet to empower him to treat with the mine-owners on the basis of their proposal.

(2) No more credits to be given.

(3) Notwithstanding the various opinions regarding the unemployment question, the Cabinet were agreed that the allowances should be reduced in the occupied area, so far as possible in conjunction with the allowances paid in the unoccupied area.

(4) The Cabinet was agreed that the expenses of the Inter-Allied Commissions and the costs of the British occupation should continue to be paid, but that negotiations should be started regarding their cessation. On the other hand the Cabinet could not agree whether further mark advances should be paid to the French and Belgian troops.

SEPARATIST "PUTSCH" IN THE RHINELAND

Separatist bands proclaimed the "Rhenish Republic" at Aachen on October 21st, and hoisted the green, white, and red Separatist colours on the roofs of the municipal buildings. The Belgian occupying authorities preserved "the strictest neutrality". The bands were ejected from the city by the population. On the other hand the "Rhenish troops" occupied the Town Hall and the Government buildings in Wiesbaden, which is the seat of the Separatist Dorten's activities. In Mainz a mob of some three hundred men gathered together, shot at the crowd from the municipal offices, and were overpowered. "The Rhenish Republic" was also proclaimed by large crowds in Grossgerau in Hesse. There was rioting in Krefeld, Rheydt, and street fighting in München-Gladbach. At Jülich the *Putzsch* failed, at Mülheim it succeeded. At Coblenz the mayor told the population that he only recognized one German Government and would yield to force alone. The attack was repelled.

Two telegrams from Stresemann:

(1) To the Municipal Authorities at Aachen.

Your news of the expulsion of the Separatist bands from Aachen has filled all classes in Germany with delighted satisfaction. In the name of the Government of the Reich I beg you to express the Government's hearty thanks to all those who took part in this achievement, for their active allegiance to Germany and to the Reich.

(2) To the Trades Unions in Aachen.

According to news received from the Municipal authorities the Trades Unions of Aachen have taken an active part in ex-

pling the Separatist bands from the ancient German city of Aachen. In the name of the Government of Reich I beg you to express to all those concerned the Government's heartiest thanks.

In Stresemann's absence Maltzan took occasion, on October 25th, to inform the Belgian Minister that the Belgian military authorities had abandoned their neutral attitude in regard to the Separatists; they had taken very drastic action on behalf of the movement, disarmed the local police, fired into the mob, and actually killed several local policemen. The Belgian Minister said that the facts as reported stood in direct contradiction to a telegram from his Government, to the effect that the Belgian Government desired to maintain complete neutrality, and that it was not in the least in their interests that irregular Separatists' formations should cause disorder in the province.

On October 30th the Belgian Minister called upon Maltzan with every external sign of excitement and shouted to him when he had hardly entered the door: "*Le rapport de votre consul à Maestricht est complètement inexact*". He once more emphasized very vigorously that Belgium had no notion of violating her neutrality in the Separatist movement, and that all reports to that effect were without foundation. The Belgian troops in Aachen had not fired at the police.

The facts were that on October 25th Belgian Gendarmerie and Belgian troops had driven the German police out of the postal buildings; the police had four dead and fifteen wounded.

A JOURNEY TO HAGEN

On October 24th the Cabinet considered the questions with which the Government would have to deal at Hagen, where there was to be a conversation with representatives of the occupied territories. The Chancellor thought it possible that a Directorate would establish itself in the Rhineland, which would then negotiate with the enemy. The war could no longer be financed.

As regards the suggestion that the coal deliveries to Italy must come to an end, Mussolini had been very indignant. There was, however, nothing to be done except to inform the Reparations Commission that further deliveries were out of the question. On the other hand, the cost of occupation for the legally occupied area would continue to be paid for a certain period.

As regards the warning of the Minister of the Interior, that it

should be stated at Hagen that we could do no more, the Chancellor maintained his standpoint. The German financial situation must be clearly indicated at Hagen. Without the Rhine and the Ruhr Germany was not in a position to pay a single penny, come what might.

After a brief address by the Minister of Finance, the Chancellor said that there was a widespread and urgent demand for a breach with France. In his view it would be a serious error to take such a step without the essential diplomatic preparation. The attention of the world must be drawn to our terrible situation. Moreover, it was necessary in the interests of other countries to allow our internal difficulties, such as the Bavarian question, to subside before going further.

Stresemann travelled in the company of Dr Fuchs, Sollmann, and the Prussian Premier, to Hagen in Westphalia. Here he stated as follows:

The Government of the Reich had not the remotest idea of leaving the occupied area to its fate. Any kind of apprehension of this sort was absolutely unfounded. He explained in detail how the Government of the Reich had arranged its financial relief for the occupied territories, having regard to the difficult financial position of the Reich. This would, indeed, be continued within the bounds of practicability.

As regards the Separatist attempts, the Chancellor said that the suppression of such unpatriotic movements was to be expected now as before, and that both for the Government of the Reich and the constituent States, any idea of a separation of the occupied territory from the Reich and the other States was, of course, out of the question.

On the evening of October 25th Stresemann addressed a large meeting on the Cabinet's policy in the great new municipal hall. The following is an extract from his speech:

France maintains that she has been forced to take the occupied areas as a productive pledge. But we have already done more than we ought really to have undertaken having regard to the capacity of the German people. No material sacrifices are too great for us to offer, but France will not give us our freedom.

We have lately informed the Reparations Commission that a new situation has been created in Germany by the occupation of the

Ruhr, and have asked the Commission to examine the resources of the Reich. We have done this because we must make it clear that in the future we cannot make any payments as required by the terms of the Treaty if the Rhine and the Ruhr are taken away from us. It is also essential that we should protest against the illegality involved: we cannot have our rights abused in this manner. As the result of the condemnation of the French invasion a dispute has broken out among the Allies, in which England takes our side. I must, however, say that England does nothing to remove the illegality.

A short time ago the French Premier spoke once more of Germany's aggression. This is merely the repetition of an old reproach. I reject with all possible emphasis this war-guilt lie. Germany has intimated her readiness to have the matter tested before an international tribunal. Let him whose conscience is good do likewise. We lost the War, and we must bear the consequences, but we need not be robbed of our honour.

The Government has been reproved for undiplomatic dealings. I cannot accept this reproof. I preferred to tell the whole truth to the public rather than lull them in illusions, from which the awakening would be all the more painful. We stand alone in the world. Let us not forget one thing: any recovery of Germany must and will arise from the moral experience of the German people. We may indeed pass laws to extend the hours of work, but more important than those laws is the joy and pleasure of the people in its work. On both sides the will is decisive. On the one side we must learn to realize that we cannot live without adequate production; on the other side our subsistence must be so measured that the joy in work may be maintained. Let us, too, preserve internal unity. At no time were Party programmes so indifferent as at the present. It is not fitting that men who place themselves at the disposal of the State, risking their whole political reputation and perhaps their lives, should be personally traduced. If that is permitted, the number of these men will very soon diminish.

Never was the danger to the honour and the future of our people greater than at present. "From deep distress I cry to Thee." But God only helps those who help themselves. With confidence in the future we must defy the present. Let us sow the seeds from which shall grow up a great future, to which we have a right before God and history.

The appeal to the Reparations Commission, of which Stresemann speaks in this speech, was made in Paris on October 24th. The German War Burdens Commission issued a Note in which the Government of the Reich, in accordance with Article 234 of the Treaty of Versailles, asked that an examination might be made of Germany's resources and capacity to pay.

THE CASE AGAINST BAVARIA

Cabinet meeting of October 26th, 1923, 7 P.M.

The Bavarian Minister, who had announced in the Conference of Premiers that the Bavarian Government would be thankful for any possible solution of the conflict between the Reich and Bavaria, had, Stresemann stated, asked him early that morning whether the Reich Government would be disposed to enter into direct negotiations with the Bavarian Government. Stresemann informed the Minister that he could only take up this proposal if he were certain that Bavaria was really in earnest. He could not risk a refusal. Herr von Kahr had stated in the Press that he did not intend to negotiate with the Government of the Reich; and he made it clear to the Munich representative of the Reich Government who it really was that represented the Bavarian Government. The Bavarian Government must disavow Kahr's statement, and officially announce its condemnation of Kahr's proceedings. Stresemann regarded Kahr's behaviour as "to put the matter mildly—a piece of insolence". He then called upon the Reichswehr Minister to give his views as to the further steps to be taken.

The Minister for Commerce (Oeser) began by observing that the Bavarian Government proposed to require the officials to take a fresh oath to the State of Bavaria.

The Reichswehr Minister stated that he regarded the Bavarian "state of emergency" as an insult to the Reich. Bavaria must be asked to state plainly whether she still stood upon the basis of the constitution and recognized the authority of the Reichswehr Minister over the Bavarian Reichswehr. When the Reichswehr Minister began to address himself to the Saxon question, the Chancellor interrupted with the request that he would confine himself to the Bavarian question.

Stresemann proposed that the Bavarian Government should be asked in writing to state unequivocally whether they recognized the claims of the constitution, and wished to see them operative

once more. If not, the Reich would have to take more drastic measures. He did not think this communication to Bavaria should be made public.

Upon the request of the Minister for Food and Agriculture (Kanitz-Podangen) that no time should be lost, the Chancellor defended himself against the imputation of dilatoriness. His visit to the Ruhr the day before had been necessary; upon his return he had immediately called a Cabinet. He could not work more quickly. Graf Kanitz explained that he was in no way reproaching the Chancellor, he was merely repeating what was common talk.

It was later agreed, at the Chancellor's suggestion, that Bavaria should not now be threatened with withdrawal of relations, but merely apprised of the consequences to the members of the Reichswehr affected by the present state of affairs. He also stated that the Bavarian Premier had learnt of Kahr's action for the first time from the Chancellor's own enquiry; the Premier would certainly have forbidden the publication of the statement.

To the suggestion of the Reichswehr Minister that the decision to withhold the soldiers' pay must be incorporated in the communication, the Chancellor replied that this should be couched in the form that on strict constitutional grounds the Reich Ministry could not be responsible for the maintenance of the Bavarian Reichswehr so long as it was not under the orders of the Reichswehr Ministry. This would make clear in Munich that there was no time to be lost.

ULTIMATUM TO SAXONY

At the Cabinet meeting of October 27th, the Reichswehr Minister read out a draft communication addressed to the Saxon Premier, Dr Zeigner. Prompt action was necessary in Saxony, or the position of the Reichswehr there would become intolerable. He proposed to appoint as State Commissioner, to whom authority was to be entrusted until the formation of a new Government without Communist members, the former head of the Saxon State Chancery, Ministerialrat Schulze, so that the choice of a non-party official might indicate the complete impartiality of the action taken.

In reply to the misgivings of the Minister of Justice, Stresemann declared for the Reichswehr Minister's proposal and was ready to take the responsibility for it. A Government with Communist Ministers, such as at present existed in Saxony, could not

be constitutionally recognized. As a result of the increased tension in Bavaria, the Government of the Reich must not run the risk of being crushed between the Bavarian Radicalism of the Right and the Saxon Radicalism of the Left. Upon the Chancellor's enquiry whether the Reichswehr Minister wanted a Cabinet decision, the latter replied that on political and legal grounds he intended to bear the responsibility himself and not to thrust it on to the President of the Reich. He merely wanted the Cabinet to be informed in good time.

The Chancellor thought it absolutely essential, while re-establishing constitutional conditions, to remain strictly within the framework of the constitution of the Reich. If the constitution was applied to Saxony, the position of the Reich *vis-à-vis* Bavaria would be greatly strengthened, and a conflict avoided, the consequences of which could not be foreseen. At the present moment, energetic and drastic action was called for, though he confessed himself to be the friend of compromise. In the present improvement in the foreign-political situation, it was essential to strengthen the authority of the Reich Government. The Chancellor asked the Social Democratic members of the Cabinet to state their position. The Minister for Reconstruction thought it impossible to remove, in the manner indicated, a State Government that depended on a parliamentary majority and had come into existence by constitutional means. He proposed to begin by suggesting to the Premier, Dr Zeigner, that he should retire of his own free will.

Ministerialdirektor Meissner put forward on behalf of the President a suggestion of mediation, to the effect that the Saxon Premier should be asked to resign within a brief interval, but that all steps should be taken by the holder of executive power, so that in the event of an unsatisfactory answer the Government of Saxony could be taken over by a State Commissioner.

Against this the Reichswehr Minister raised very serious objections, as he thought that any delay might be extremely dangerous.

The Chancellor, after receiving the report of the representative of the Reich Government in Munich regarding the transmission of the Reich Government's Note that morning, thought that the situation in Bavaria had so far come to a head that no more time was to be lost. The public must at once be informed of the action taken by the Reich Government in Saxony, with reference to the decisions that had perhaps already been reached in Bavaria.

After a long debate the Chancellor secured the agreement of the Cabinet to the formulation of the request to the Saxon Premier more or less in the following terms: That the situation under the present Government in Saxony, having regard to its inclusion of Communist members, was one that the Reich Government could not tolerate; and this Government could no longer be regarded as such. The Saxon Premier must therefore at once dissolve the existing Government and set about forming a new Government in which no Communists should participate. If this were not done, the holder of executive power must appoint a Commissioner who should take over the administration of the State until a new Constitutional Government was formed.

At the suggestion of the Minister of Food and Supplies the Chancellor was asked to draft the communication to the Saxon Premier and make it known to the Press.

On October 27th Stresemann wrote to Zeigner:

The propaganda of the Communist Party under the leadership of the Communist members of your Cabinet has assumed forms that aim at the forcible overthrow and destruction of the Reich constitution and may well achieve that object. General Müller, who has been entrusted, as far as the Reich is concerned, with executive power for Saxony, made it quite clear in his communication of October 17th that the situation could not be allowed to continue. His request to you has remained unanswered. The spirit of obstruction and violence in the Communist Party is displayed in the utterances of the head of your State Chancery, Herr Ministerialdirektor Brandler, who in his speech at Chemnitz on October 21st openly called for an attack on the Reichswehr. It is also displayed in an article by the same gentleman in the official organ of the Russian Communist Party, *Pravda*, in which, when referring to the organization of the Proletarian Hundreds, he says that the time has come to act. In a pamphlet, put out by the Association of Communist Parties in Germany and the Saxon Parliamentary Communist Group, to which your Communist Ministers in the Cabinet belong, General Müller, who has been entrusted with the executive power by the Reich Government, is described in insulting terms, and it is urged that his orders shall not be obeyed. There is also incitement to the mobilization of the masses, the establishment of new Hundreds, and the formation of Committees of Action.

It is impossible to proceed against the culprits because they stand under the protection of the immunity conferred by membership of the Saxon Diet. The declaration of open war on the Government of the Reich must necessarily interfere with and make impossible the Government's aim to maintain peace, order, and security in the country. This state of affairs cannot be allowed to continue. On behalf of the Government of the Reich I hereby request you to secure the resignation of the Saxon State Government, because the participation of Communist members in this Government is not, having regard to the foregoing events, compatible with constitutional conditions.

I must ask you to inform me of the resignation of the Government by to-morrow, October 28th, at latest. Unless a new Government, on other foundations, and without Communist members, is at once formed—and any delay will further endanger the peace, security, and order of the country—the holder of executive power will appoint a State Commissioner, who will take over the administration of the country until constitutional conditions are restored.

ACTION AGAINST SAXONY

Stresemann to Gessler (by telephone on October 9th, 10.30):

Inform Heinze through General Müller that the order from the President of the Reich has not yet reached me, but I hope to receive it at the earliest possible moment.

Stresemann at the Cabinet meeting, October 29th, 1 P.M.:

The Saxon Premier had replied that the Saxon Government could recognize no reason for resignation. The Chancellor, who had been charged with full powers by the President of the Reich, had discussed with the Reichswehr Minister and the commander of the troops in Saxony, General Müller, whom they should appoint to the proposed office of State Commissioner. They had agreed upon Dr Heinze, Minister without Portfolio. The new Saxon Cabinet could not sit under the chairmanship of Dr Zeigner. The Saxon Diet was summoned for Tuesday to take cognizance of a statement by the Government. If possible the Commissioner must try to form the new Government before the meeting of the Diet. If he could not succeed in doing so, he must himself take over the business of Government until further notice.

The Minister of the Interior thought Hcinzc's appointment, and the whole proceeding, a great mistake. He urged that a new attempt should be made to reach an understanding, and asked that the Reichswehr might be given strict orders to avoid any forward action in Saxony.

To this the Chancellor replied that all the members of the Cabinet had given their assent, at the discussion on October 27th, to the communication he had proposed to send to the Saxon Premier. This agreement also covered the measures that were to be adopted in case the answer to his letter was a refusal. Moreover, on the evening of the 26th the Chancellor had already discussed the position with the members of the Social Democratic Party who had returned from Dresden, so that the Minister of the Interior's allegation of inconsistency was not justified. As regards the state of affairs in Bavaria, it was impossible for the decision to be postponed much longer.

The Minister for Reconstruction, and a little later the Minister of the Interior, said that at the meeting on the 27th they had only agreed to the attempt to reach an understanding, but not to any further measures. The Chancellor said that he had got the distinct impression that at the meeting of the 27th a unanimous decision had been reached. In the end it was agreed that the Chancellor should ask Dr Heinze to take no further steps until he had received further instructions. After examining the legal aspects of the position, and consultation with the persons concerned, he would draw up these instructions in the afternoon and send them to Dresden.

The Minister of the Interior informed the Chancellor that the removal of the Saxon Government, at the instance of the State Commissioner Heinze, had been carried out in a provocative fashion by military means and methods so that a great deal of resentment had been aroused in Social Democratic circles. The Chancellor described what had happened so far as affected the steps he had ordered to be taken. Much indeed had taken place in Dresden that might have been done otherwise: but they must not ignore the difficult task that lay before the State Commissioner, who carried the responsibility for the business of the Government, although the former Saxon Government was still in being. He did not believe that any provocation was intended either by the military or by the Commissioner. On that account he had been very glad to see the appeal issued by the Commissioner, in which it was

stated that his purpose was "the formation of a parliamentary Government on constitutional foundations".

Sollmann described the events in Dresden. He designated as provocatory the advance of the troops, accompanied by bands, to occupy the Government buildings, the training of machine-guns on those buildings, the military occupation of the Diet, and the escort of the Premier and one of the Ministers, Böttcher, by soldiers. There was much indignation in the country, and other nations would get the impression that the crassest militarism still prevailed in Germany. He regarded a reconstitution of the Saxon Government as impossible, and, on behalf of himself and his parliamentary colleagues, he must refuse responsibility for these events. He contemplated for himself, and for those who thought with him, resignation from the Cabinet; but on this point the Parliamentary Group must first make a decision.

The Chancellor objected to this account of matters on the ground of reports which had reached him to the effect that the Saxon Premier had *not* come into contact with any military person when he was conducted out of the Government buildings. The Chancellor earnestly pressed for no decision to be taken until an impartial account of events had been received. The Saxon Council of Ministers had had plenty of time to leave the building without coming into contact with any military whatever; moreover, the Council of Ministers had expressly stated that they would only yield to force. In point of fact the removal of the Government had taken place without any forcible measures, and was much less provocative than the arrest by troops of the Communist members of the Government, which had been lately recommended in Social Democratic quarters.

When the Minister for Transport had asked the Social Democratic members of the Cabinet not to take any hasty decisions, and the Minister for Trade and Commerce had expressed the opinion that a column of troops with a band was the best means for avoiding conflict—which was contradicted by the Minister for Reconstruction—the Chancellor assured the assembly that he would again get into communication with Dresden so that the formation of a new Government might be put in hand at once. He called attention to the very favourable reports that he had received regarding the foreign-political situation, which seemed to promise the possibility of satisfactory negotiations at an early date regarding

the question of Reparations. He thought it would be fatal if the course of events at home destroyed these hopes by causing the overthrow of the Government and breaking up the Reich.

The Minister of the Interior asked that, as the decision regarding the resignation of the Social Democratic members lay with the Parliamentary Group, a statement might be given to the Press that should do justice to the points in dispute. The Chancellor said that he would undertake to draft this report. He once more asked the Social Democratic members of the Cabinet not to take any hasty decisions but to imitate the caution of their own Party.

THE EVENTS OF OCTOBER 29TH, 1923

Note by Stresemann:

Exzellenz Heinze rang me up and told me the following:

He had taken over affairs as State Commissioner, and had called upon the Ministers to vacate their places, which had been done without disturbance. He had forbidden the meeting of the Diet planned for the next day, because he could not allow any agitation in the Diet, nor a meeting of the Diet to take place unless a Government was in being. I at once pointed out to Exzellenz Heinze that he must of course sanction the meeting of the Diet when the Parliamentary Groups met to form a Constitutional Government, and that his office as State Commissioner then came to an end. I tried to make the matter clear by comparing the State Commissioner to a "state of emergency" that came to an end when orderly conditions were restored. To this Heinze replied: "I will of course do so when the Parliamentary Groups have come to an agreement. I must also then be assured that the appointment of a Premier will actually take place."

I then told him that representatives of the Democratic and Social Democratic Groups were on their way, who were going to do their best to form a constitutional Government, and I asked him whether it was correct that he had formed a Ministry. This he denied emphatically, but said that he was in treaty with various officials whom he proposed to ask to preside over their Departments. He was in touch with the following: Ministerialdirektor Just for Finances, Ministerialdirektor Schmidt for the Interior, Ministerialdirektor von Hübel for Trade and Commerce, and two other gentlemen for Justice and Ecclesiastical Affairs.

The situation was such that the Departments must positively be placed under strong leadership; especially in the matter of food supplies, etc., a firm policy was necessary. He could not foresee how long he would be at the head of affairs, but in any case during that period the Government Departments must not be allowed to suffer for the want of a firm hand. He asked me to represent this emphatically to the President of the Reich.

I asked the Commissioner whether he had got into touch with any of the Parliamentary Groups; he said he had not, and I pointed out that having regard to that day's declaration by the Social Democratic leaders at the Party Leaders' conference, it did not seem wise for him to approach the Social Democrats, as a rebuff was to be anticipated. In my opinion the various Groups should take counsel among themselves and see whether they could not form a Majority Government. And it would be a matter of course for the Commissioner to second these efforts.

I then read out to the Commissioner the following, being the broad lines on which he should act, and said I would communicate them to him in writing:

(1) The object of the decree issued by the President is the re-establishment of constitutional conditions in Saxony.

(2) The participation in the Government of Communist Ministers, whose supporters in Saxony are calling for a policy of violence, is not compatible with constitutional conditions.

(3) With a view, therefore, to a re-establishment of constitutional conditions, it is necessary to form a new Government, supported by a majority in the country and without any Communist members.

(4) So long as a Government of this kind is not in existence, the rights and duties of the Government are in the hands of the Commissioner, who will carry on the Government with the assistance of the officials.

(5) The Commissioner is instructed to support the efforts to form a constitutional Government to the utmost of his ability.

Note by Stresemann:

October 30th

I have lately (12 noon) been speaking with Exzellenz Heinze, and asked him whether it was correct that the Diet had been again occupied by troops as from 12 o'clock, and the holding of a session had been forbidden. Heinze told me that this was absolutely un-

true; the Parliament building was open, the Parliamentary Groups were in session, Herr Wels also was in the Diet, and the Reichswehr guard had been replaced about 12 o'clock by police. There had been no prohibition of a session. The Diet could, of course, meet as soon as the preparations for the formation of a new Government had been taken in hand. He himself had just been present at a meeting of the Parliamentary Group of the German People's Party, and had done his best to assist in the prompt formation of a Government.

On October 31st, after a session lasting twelve hours, the Saxon Diet chose as Premier the former Social Democratic Minister of Trade and Commerce, Fellisch. Out of 64 votes recorded, 46 were for Fellisch, 18 for Dr Kaiser (German People's Party); German Nationals and Communists did not vote. The Cabinet appointed by Fellisch consisted of Held (Finances), Liebmann (Interior), Neu (Justice), Fleissner (Ecclesiastical Affairs), Elsner (Labour).

THE BREAK-UP OF THE COALITION IN THE REICH

At the same time the Social Democratic Group arrived at a decision that they could only remain in the Coalition if the following conditions were fulfilled:

- (1) Suspension of the military "state of emergency".
- (2) The Reich Government must treat the attitude of the rulers in Bavaria as an open breach of the Constitution, and take the necessary steps against Bavaria in accordance with the terms of the Constitution.
- (3) The maintenance of peace and order in Saxony is the task of the police. The assistance of the military is only to be employed at the request of the holder of civil power. Certain elements in the Reichswehr with reactionary tendencies, who had lately joined, were to be dismissed.

This resolution was to be communicated to the Chancellor orally late in the evening of October 31st. But as Stresemann was ill, the explanations that led up to the Social Democratic ultimatum were given in an interview between the Social Democratic leaders, Müller-Franken, Wels, and Dr Breitscheid, and Kempkes, the Secretary of State for the Reich Chancery.

On October 30th, Petersen, the leader of the Democrats, had written to Stresemann to the effect that his group called for a sharp communication to be addressed to Bavaria demanding that the constitution of the Reich should be respected, and that in case of refusal the appropriate steps should be taken. Moreover, in case the Govern-

ment was contemplating a fundamentally different policy against France, they must, before doing so, get into touch with the inter-Group Committee.

On the evening of November 1st, after a meeting of the Cabinet, the Ministers discussed the internal situation created by the resolution of the Social Democratic Group in the Reichstag. The Social Democratic members of the Cabinet confirmed the attitude of their Group, with which they identified themselves.

Stresemann expressed his regret that the Social Democratic Group should have so promptly made their demands public. It was, in plain fact, impossible to change the military "state of emergency" into a civil condition. This was the less possible as an attack from the Right was to be at any moment expected. Stresemann protested against the attacks made on the Reichswehr in the *Vorwärts*, which were merely calculated to serve the purposes of those circles that were working for a Dictatorship of the Right. Such a Dictatorship would be a great disaster, and would, as its most important result, destroy the entire foreign policy of the Reich.

After the discussion of this question in the Cabinet which led to a lively debate between the Social Democratic Minister of the Interior, Sollmann, and the Reichswehr Minister, Dr Gessler, Stresemann received the leaders of the Social Democratic Party about half-past eight in the evening.

The resulting conversations led to no final arrangement, but the formal breach of the Coalition was completed.

At a meeting of the Moderate members of the Cabinet at 11 A.M. on November 2nd, Stresemann opened the proceedings by stating that he did not think it was possible to accept the demands of the Social Democratic Party. He suggested that they should reply to their Social Democratic colleagues and to the leaders of the Social Democratic Parliamentary Group that though they were anxious for further co-operation with Social Democracy, the demands made by the Group must be refused.

The non-Socialist members of the Cabinet agreed that in view also of the Bavarian question any further co-operation with the Social Democrats appeared to be impossible.

Stresemann's view of the situation after the departure of the Social Democrats was that a rump Cabinet would be inevitable,

especially as the attitude of the German Nationals was still obscure. Moreover, he could not form any Cabinet with an aggressive German National character. A further conduct of business by the present Cabinet was, in his view, only conceivable if he obtained the dissolution decree from the President.

After this conversation between the non-Socialist Ministers, a meeting of the entire Cabinet took place, as a result of which the Coalition came to an end and the Social Democratic Ministers left the Cabinet. The Bavarian question played a great part in this last Cabinet meeting of the second Stresemann Cabinet of the great Coalition. Both the Reichswehr Minister, Dr Gessler, as well as the Chancellor, regarded the situation with the greatest anxiety. The only alternatives were a breach with Bavaria or an agreement. They had not the power forcibly to prevent Bavaria from pursuing her policy. Moreover, English policy would no longer support Germany in case the Reich collapsed. Stresemann then said, in reply to a question, that the departure of the Social Democrats would probably ease the Bavarian situation. On the other hand it was certain that a continuance of the present Coalition was advantageous from the point of view of foreign politics.

The Social Democratic Group held a meeting at 3 o'clock which came to an end at 5. Against a minority of 19 votes it was decided to call upon the Social Democratic Ministers to leave the Cabinet.

At 6 o'clock the three Social Democratic members of the Cabinet, Robert Schmidt, Vice-Chancellor and Minister of Reconstruction, Sollmann, Minister of the Interior, and Dr Radbruch, Minister of Justice, called upon the Chancellor to present their request for resignation. The Chancellor then called upon the President, who accepted the resignation of the three Ministers.

To the English Ambassador, who made some rather anxious enquiries, Stresemann stated that the maintenance of the state of siege was absolutely essential in view of the risk of a *Putsch* both from the Left and from the Right. He would use all his efforts to preserve the unity of the Reich. As a result, he had determined to make the attempt to continue to rule with the Cabinet that remained. This Cabinet was not a Cabinet of the Right, but a Moderate Cabinet on a broad foundation: the posts vacated by the defection of the Social Democratic Ministers would again be filled. The Chancellor hoped that this Cabinet would find a *modus vivendi* with the Social Democrats even if that Party passed over into opposition.

Lord D'Abernon replied that his view, which was shared in influential quarters in London, was that Stresemann was the only man who could steer the German ship of State through the present troubled waters.

The conflict over the formation of the new Cabinet now set in with severity. The German Nationals saw in the collapse of the Great Coalition a victory for their policy over Stresemann.

SIGNS AND WARNINGS

In these days the events of November 8th and 9th, 1923, threw their shadows before. Many Berlin newspapers published alarming reports from the Bavarian-Thuringian frontier where the Thuringian Gendarmerie and, on Bavarian soil, the Volunteer Militia organizations, at a strength of two regiments, confronted each other. It was admitted that there were signs of activity in Bavaria on the part of fighting organizations of all political colours. It seemed that General Ludendorff was to be looked for behind this movement. The *Zeit* stated that all attempts by Radicals of the Right to pass the Bavarian frontier in fighting organizations would be met by adequate Reichswehr forces. In Pomerania, Silesia, Brandenburg, and other parts of the country Radical elements of the Right thought the hour for an uprising had come. In many places the cry for a Dictator was heard.

To Dr V. Naumann, Reich Minister at Munich:

November 3rd

I thank you very much for your detailed letter of 31.10, especially for your news about the attitude adopted by the Premier, von Knilling, which interested me very much.

In the meantime, as you will have seen in the newspapers, the Social Democrats have left the Cabinet, which will, I hope, lead to a relaxation of the strained relations between ourselves and Bavaria. That this departure of the Social Democrats, at this very critical economic situation, will greatly aggravate our difficulties is unfortunately a fact too frequently overlooked.

As regards the question of the federal construction of the constitution of the Reich, a discussion between the Reich and the State Parliaments would be perfectly feasible. These questions must be thought out in detail. As soon as concessions are extended to all States, the very difficulties appear which you yourself have mentioned in your letter. If Bavaria has misgivings about conferring military sovereignty on Saxony, because of a disinclination to place the Reichswehr under a Government with Left tendencies, it must not be ignored that the same point of view may be taken regarding financial sovereignty. There might be a danger of a

policy of confiscation of property in Saxony. It is therefore questionable whether it would not be more desirable to confine this matter to a re-establishment of reserved rights for Bavaria, and the grant of independence in the matter of taxation, leaving at the same time a certain right of veto to the Reich, in the event of doubtful experiments.

THE RUMP CABINET

The Cabinet met on November 3rd at 12 noon to deal with some pressing problems: the question of currency and the question of food-stuffs and supplies. It was decided to provide credits for the provision of necessities, and take measures to influence the prices of raw materials.

Stresemann's purpose was not to fill the vacant Cabinet posts at the moment, with the exception of the Ministry of the Interior, which would be given to someone who was not a member of the Reichstag.

The German National People's Party stated that they could not regard the scheme of supporting the Cabinet on a minority of the so-called Little Coalition as a solution adequate to the great task before the country. They would, indeed, offer an even more determined opposition. Within the German People's Party a tolerably strong section demanded that the policy of the Party should be turned rather more in the direction of the Right. Stresemann was to be forced to make a coalition with the German Nationals.

INTRIGUES

Stresemann at a meeting of the Party Group in November 1923:

Dr Scholz reported a conference of Party Group leaders in which *Wels* had made some remarkable observations on the causes of the withdrawal of the Social Democrats: "On this occasion you (*Dr Scholz*) are not responsible. The Centre (*Dr Brauns*), the Democrats (*Dr Gessler*), and the Saxon and Prussian Groups of the People's Party are responsible".

Bavarian Affairs. Army encamped at Coburg; general situation hopeful.

Foreign Affairs. Attitude of the Democrats probably traceable to the influence of *Petersen* through *Melchior*. According to *Melchior's* report, official circles in London take the view that Stresemann must remain. Food: Price of bread 140 milliards to-day, appalling negligence on the part of the Ministry. Immediate action must be taken or there will be a revolution in a day or two.

Home Affairs. With Stresemann's consent he had been yesterday at a long interview with Hergt and Westarp, Kempkes being present. Hergt, as always, ready for compromise, but: "I am powerless; events pass over my head". Stresemann might, indeed, lead a new Moderate Cabinet during a certain transitional period. The Cabinet must be super-parliamentary with a strong admixture of the Right. Stresemann's successor Wiedfeldt, Stresemann perhaps Ambassador in Washington.

Attitude of the Centre uncertain. Democrats will not support a Cabinet with German Nationals, their Left wing would even sacrifice Gessler. He took the view that the right thing was to stick to Stresemann, but the situation calls for an energetic movement to the Right. Stresemann should ask the German National Group officially whether they are prepared to enter his Cabinet. He fancied they would not refuse. But when he asked whether, in view of Stresemann's successes in Foreign and Home Affairs, the German Nationals would vote for his minority Cabinet over a motion of confidence, Hergt replied decisively in the negative.

Dr Curtius: We must make a practical attempt to solve the political question, and not get involved in back-stairs intrigue. The German Nationals must be approached. The difficulties were: risk of a General Strike, Ebert's opposition, Prussian coalition, Stresemann himself, and the attitude of the Centre and the Democrats. On the other side: only in conjunction with the German Nationals could peace be made with Bavaria, and the cities supplied with food-stuffs; and the unnatural cleavage between the People's Party and the German Nationals would be removed.

Albrecht: The real anxiety is the question of food supplies, in other words, the currency question. I don't know what to make of Kempkes' statement that the Government intends to stabilize the paper mark—it can't be done artificially. (At this point Stresemann came in.) The German Nationals must enter the Cabinet so as to secure a solid parliamentary majority.

Dr Stresemann: Albrecht is wrong in thinking that the main problem is a parliamentary majority. It will not exist even if the German Nationals do join us. I shall not approach Hergt. The Government cannot appear before the Reichstag this week. I hope that Jarres will take Home Affairs and Emminger the Ministry of Justice. This week will decide whether the national levies will dare to fight. Civil war means the loss of the Rhine and the Ruhr, and will drive the Rhineland into the arms of France. The first essential is public order in Germany. The Government has an adequate force of Reichswehr at Coburg, and troops have

declared that they will reply to any attempts at fraternization by opening fire. If the Reichswehr fails, then these groups will get the upper hand; after which a German National Dictatorship will probably follow. I am sick of this dog's life—intrigues by the German People's Party—the attitude of the Pomeranian Land League—treason on every side. Only willing to supply food-stuffs when they approve of the Government. If the levies get into Berlin, I shall not go to Stuttgart—they can shoot me down in the place where I have a right to sit. Give up quarrelling about the composition of the Cabinet, and give me some advice on economic and financial affairs. With the Bavarian Government an understanding would be possible, but not with Kahr and his levies. The Union of Bavarian Industrials and the Munich Chamber of Commerce have actually accused Kahr of Marxist methods. Well, I can't be accused of dependence on the Social Democrats; I dissolved the Great Coalition the moment the Social Democrats made demands that could not be admitted.

Brüninghaus: I must make clear that no one in the Group is opposed to the Chancellor personally.

Stinnes: The collapse of the currency is due to insufficient production. Stresemann was a very popular Chancellor but he did not use his power in the first fortnight of office; he had no production policy. Hence the Rhine and the Ruhr were lost. Anyone who did not come to an understanding with Bavaria could not rule in Germany. Stresemann must ask himself whether he believes he can do it. If Bavaria falls away, then at least the Rhineland and East Prussia will go too. A legitimate Government based largely on the support of the Right would help us with England and the U.S.A.; on the other hand I am in agreement with Stresemann regarding a military dictatorship.

Dr Cremer viewed the currency problem quite differently from Albrecht. A steady relation between paper and gold mark would provide the necessary relief for a fortnight. Cabinet had done everything possible; Luther and Havenstein had indeed failed. The policy regarding Bavaria had been correct.

Dr Stresemann opposed Stinnes. Had the mine-owners succeeded in extending working hours? Such a measure would take a long time to put through Parliament. As regards Bavaria, I could arrive at an arrangement with Knilling, but there were other forces at work outside the Ministry that stood in the way of agreement.

Brüninghaus stated that the Government was issuing a manifesto,

and that the Democrats, Centre, and Social Democrats were proposing to publish their concurrence.

Stresemann urged that in the Statement of the People's Party special stress should be laid on unity and public order.

THE COLLAPSE OF THE CURRENCY

On November 7th the Cabinet again discussed the currency question. Dr Luther, the Minister of Finance, had again been in negotiation with representatives of the great Banks, of Industry, and Agriculture. The views of the experts had revealed the flattest contradictions. The issue of the Rentenmark was decided for November 15th. A new gold loan was to be raised and to serve for the redemption of the paper mark; the rate of redemption not to be fixed until the Rentenmark had come into force. The impossibility of estimating the expenditure of the Reich up to November 15th arose more especially from the deplorable situation in the Ruhr, where the total of unemployed had risen to two millions. These had to be supported by the Reich.

Dr Luther said that if the Rentenmark was not to be an utter failure, relief payments to the occupied area must be suspended forthwith. The Minister of Labour suggested that an announcement should be issued to the whole world describing the events in the Ruhr. A definite statement must be issued to the effect that no more payments can be made after the middle of next week. This statement should not be embodied in the usual terms, but should be addressed to the world at large, and must, above all, make clear the responsibility that rests upon France for her procrastinating policy, not merely towards the occupied territory, but towards her own Allies.

Stresemann said that he had no objection to issuing a strong statement. He was of the opinion that France was pursuing the deliberate policy of bringing Germany to financial ruin, and thus arousing political disorders that would dissolve the Reich. France had already put out feelers in this direction. A definite date for the suspension of the payments to the occupied area should not be mentioned. The document should take the form of a statement to the effect that we had wholly abandoned passive resistance. It was untrue to maintain that the position as it existed before January 11th had not been restored. We had, indeed, assumed in addition the responsibility for public relief, so as to guard against disorder in those districts. Moreover we had declared ourselves ready to

give definite guarantees for our Reparations debt. But our capacity for payment was limited, and if the negotiations regarding the resumption of work in the occupied area were not soon brought to a conclusion, the time would come when we should no longer be in a position to provide the necessary money for public relief and other payments. This would lead to a condition of absolute famine. The responsibility for this state of affairs fell entirely upon France; it was due to her procrastinating policy that on the Rhine and in the Ruhr stood a population ready and willing, but not allowed, to work.

As regards the issue of the Rentenmark he wished to request that the date of issue could be definitely determined that day. If, owing to the printers' strike or any other untoward event, the Government's promise could not be kept, that would be *force majeure* and the people could be so informed without misgiving. For the rest, in his opinion it should be made clear in the above-mentioned statement that the Government had only decided upon these measures, with much hesitation, having regard to the extremity of the crisis. The individual steps taken should then be set forth in as popular form as possible.

THE RENTENMARK

After the Cabinet discussion of the measures to be taken by the Government in regard to the currency question, the following official statement was issued:

"All preparations have been made for the issue of the Rentenmark to begin on November 15th. From that date the needs of the Reich will no longer be covered by the creation of further paper marks. The paper mark inflation will thus come to an end. The then existing mass of paper marks it will then be possible to exchange against a Reich gold loan. For this purpose a Reich gold loan, backed by securities, will be placed at the disposal of a specially created Government department. The rate at which the paper mark may at first be redeemed will be settled immediately after the Rentenmark has come into force. The redemption of Reich Treasury bills by Rentenmarks, as provided for in the Rentenbank decree, remains unaffected; the public will now, therefore, be able to change paper marks into Rentenmarks, as soon as the necessary amount of Rentenmark notes is available.

"In order to relieve the immediate necessities of our people by providing the exchange needed for the import of the indispensable

necessities of life, more especially grain and fats, the Government has decided, though with serious misgiving, at once to reimpose the tax on foreign exchange on the basis of the levy for bread supply.¹ As an equivalent a fresh gold loan will be granted.

"Further exchange will be procured by the export of a limited amount of sugar. The essential needs of the people compel the Government to take this step, in order to provide the exchange necessary for procuring grain and fats. The indispensable supply of sugar needed for daily consumption will remain in the country.

"Both the above measures will result in a considerable relief to the exchange market."

THE HITLER "PUTSCH"

Note by Stresemann:

* Then November 8th came with all its fateful events. Once more the hour of midnight saw the Cabinet assembled in the Chancellor's study. Full powers were given to General von Seeckt, and civil war seemed unavoidable. That same night the Chancellor got into touch with the mayors of certain cities of North Bavaria. Pomerania and other Radical Right districts were perhaps waiting for victory in Munich. North Germany knew very well what was going on in the South. The German National newspapers had organized a night service to report the victory of the popular movement and the advance on Berlin. The director of a large landed estate association, who wanted to open some important financial negotiations in Berlin, was told that there was no point in negotiating with the present Government as by November 10th there would be another Government in power.

In the meantime the latent hostility between White-and-Blue and Black-White-and-Red expressed itself in the manner made known by the events that followed. Not until all the facts are known will it be possible to estimate the true significance of the letter then addressed by Cardinal Faulhaber to the Chancellor, Dr Stresemann, which embodied a last appeal and warning to the population of Munich. Then during the night came the moment when Kahr and Lossow parted company with Hitler and Ludendorff. Later, the opposition of weeks past came to a head, and White-and-Blue broke off from Black-White-and-Red; there followed the

¹ For every 10,000 paper marks payable as a first instalment under the Bread Supply law a company had to pay 2 gold marks, an individual 1 gold mark.

wild outcry over the victims of the conflict in their own camp, and a sense of burning humiliation at what had happened; and finally the observation of the leader of the Bavarian People's Party in the Reichstag, Bishop Leicht: "We Bavarians have lost our reputation for good sense and good order".

On the evening of November 8th, Hitler announced to a meeting in the Bürgerbrau in Munich, after he had secured silence by firing off a revolver: "Five years ago to-day began those deeds of shame that plunged Germany into an abyss of misery. To-day, after five years, must be the day when history takes a different turn. This is what I propose. The Knilling Cabinet is removed. The Bavarian Government will consist of a State Commissioner and a Premier charged with full dictatorial powers. As Commissioner I propose Exzellenz von Kahr; and as Premier, Pöchner. The Government of November criminals in Berlin will be declared deposed, together with Ebert. The National Government of the Reich will be formed in Munich. A German National Army will be formed at once. I propose that until the treaties that are ruining Germany are cancelled, I should direct the policy of this provisional National Government. Exzellenz Ludendorff takes over the command of the German National Army. General von Lossow will be German Reichswehr Minister. The task of the provisional National Government will be to labour to its utmost for the State and for the Reich, and to undertake the march on that sink of iniquity, Berlin. Tomorrow will see either a National Government in Germany, or it will see us dead. There is no other alternative."

The Commissioner-General, von Kahr, General von Lossow, and Colonel von Seisser repudiated the Hitler *Putsch* in a wireless message. The resolutions of the meeting at the Bürgerbrau had been extorted by force of arms and were invalid.

COUNTER-MEASURES BY THE GOVERNMENT

The reports about the Hitler *Putsch* reached Stresemann about 11.30 P.M. at the Hotel Continental, where he had gone about 10 o'clock to have supper and a talk with the subsequent President of the Reichsbank, Dr Schacht. Stresemann went at once to the Chancellor's palace and called a Cabinet. In a short time the Ministers were assembled in the Chancellor's Study under the chairmanship of President Ebert.

The Cabinet decided on issuing a proclamation to the German people to the effect that the *Putsch* resolutions were null and void. "Whoever supports this movement is guilty of high treason. Instead of helping our brothers in the Rhineland and the Ruhr who are

fighting for Germany, these people are plunging Germany into disaster, endangering the supply of food-stuffs, subjecting us to the risk of foreign invasion, and destroying all prospects of economic recovery. The latest measures taken by the Government regarding the currency have resulted in a vast appreciation of the mark within the last twenty-four hours; all this will be in vain if this mad attempt in Munich meets with any success. In this critical hour for the German people and the German Reich we appeal to all friends of the Fatherland to stand forth in defence of unity, German order, and German freedom. All necessary measures for the crushing of this attempt and the restoration of order have been taken, and will be enforced with ruthless energy." Full executive power was entrusted to the Chief of the Army Command, General von Seeckt.

"Attacks by unauthorized persons," said the latter in a manifesto to the Reichswehr, "upon public order in the Reich or in any State, will be firmly put down by the Reichswehr under my command, *from whatever side they come.*"

HITLER'S FLIGHT

The Cabinet discussion on November 9th, at noon, revealed the following situation in Bavaria:

Exzellenz von Seeckt read out the latest news from Munich. It appeared that immediately after Hitler's move, a conversation had taken place between von Kahr, Generals von Lossow and von Rüdts, and the Chief of the State Police von Seisser, with the result that it had been decided to take no part in the Hitler-Ludendorff *Putsch*. The garrisons in Northern Bavaria were certainly against Hitler; and he was of the opinion that the whole Reichswehr in Bavaria was under the control of General von Lossow. It was thus to be anticipated that the rising would shortly be put down in Munich. There was complete calm in the rest of the Reich. After this statement of the position, he suggested that the embargoes that had been declared on posts and railways should be raised. He thought it essential to withdraw any measures calculated to aggravate the situation.

The Bavarian Government reported that the police had dispersed the disorderly elements by the Feldherrnhalle, and that the situation was now under complete control. General Ludendorff had been captured, but Hitler had evaded arrest by flight in a motor-car.¹

¹ In view of subsequent events the following extract from a note (by Professor M. A. Gerothwohl) from Lord D'Abernon's diary (Vol. II, p. 51) may be of interest:

"... was arrested and subsequently tried for high treason, receiving a sentence of five years in a fortress. He was finally released after six months and bound over for the rest of his sentence, *thereafter fading into oblivion.*"

MUNICH AND FRANCE

Note by Stresemann:

Nov. 9th, 1923

The French Ambassador came to see me to-day and stated as follows:

The French Premier, while emphasizing the fact that nothing was further from his intention than any interference in German internal affairs, felt called upon to point out that the rumours of what was happening in Germany were causing a great deal of anxiety in France. It was being said that the resignation of the present Cabinet would be followed by a dictatorship of the Right. Leading personages of the Right had openly stated their views. These circles were working for a suspension of Reparations payments, the repudiation of the Treaty of Versailles, and, in due course, a war of revenge against France. The French Premier was disquieted by these manifestations, and wanted to point out that peace in Germany and peace in Europe would be best secured by the consolidation of the democratic form of Government in Germany.

I told the Ambassador that I was glad to learn that the French Premier did not desire to exercise any influence on Germany's internal affairs. The German people had chosen their own constitution and it was for them alone to say under what form of constitution they preferred to live and to direct their policy. Forms of constitution were not rigid and unalterable, as indeed had been demonstrated by late events, which had been materially influenced by the efforts of certain States to achieve a greater independence within the framework of the German Reich, aspirations to which the Reich Government was itself by no means unsympathetic. It was, however, a fact that the extreme Parties were gaining ground in Germany. But it was within the power of the French Premier to counteract this tendency. The disposition of great masses of the people towards Communism and Radicalism of the Right, which latter elements now included not merely theorists but large numbers of working men, was a result of the desperate situation in which Germany was now involved. The masses were suffering from under-nourishment, unemployment, and all the consequences of Germany's present economic position. In addition to these material cares that touched the German people in the most essential needs of their daily lives, there was the depression of mind resulting from

the disappearance of the authority of Germany over the lives of her citizens, over the way in which the German people had been oppressed on the Rhine and in the Ruhr, and the tension at having to look on impotently at the activities of the Separatists in the Rhineland. Moreover the present Government was being bitterly attacked by the Radicals of the Right, for once more pinning faith to a policy of understanding and completely failing to achieve any results.

The abandonment of the passive resistance in the Ruhr had been a sore blow to the nation's pride. To-day, six weeks after that step had been taken, the whole economic life of the Ruhr and on the Rhine was still in ruins. With the last remains of her strength Germany had tried to restore the value of the paper mark. Every day millions in gold values were brought into these districts to preserve the inhabitants from the worst. I urged the Ambassador to call the French Premier's attention to the fact that negotiations with Industry should not be allowed to drag on in this dilatory manner, as the German Government, since the introduction of a stabilized currency, was no longer in the position to remain responsible for such vast sums of money, and that the Rentenmark might fall into the same course of inflation as the paper mark had done. I reminded the Ambassador of my speech at Hagen, and pointed out the appalling consequences that would be involved by famine conditions in the Ruhr. At this moment I looked at the Ruhr question in dissociation from all political questions; it was an urgent matter of plain humanity.

As touching the Premier's anxiety regarding a development of events in Germany that might involve armed risings, the outcome of the *Putsch* in Munich proved that the Government had enough strength and authority to master this movement. The rising in question would never have occurred had not every German Government, whatever its political colour, found themselves driven from one diplomatic failure to another in their efforts to secure some sort of tolerable conditions for their country. Upon the Ambassador's question whether these events did not go to show that there were large supplies of rifles, guns, etc., available in Bavaria, I replied that all these fantastic figures, of which so much had been heard, had been completely discredited. It had been stated that Hitler proposed to march on Berlin with 200,000 men. Instead of this only some 2000 had come forward, and a huge campaign had

dwindled into a local riot. It was, indeed, more than probable that many men in Germany had kept their rifles, and still had them; the Government was not in a position to search every house.

In connection with the visits of the Control Commission (on November 6th an Allied Note had demanded a resumption of these visits) as to which he enquired, I stated that the present acute state of excitement would probably make it impossible for the German Government to resume these visits. We were not in a position to afford the foreign officers adequate protection. Moreover our military authorities were of the opinion that the functions of the Control Commission had been completed. How little we were involved in any secret military preparations might be seen from the fact that we had only accumulated half the amount of munitions to which we were entitled under the Treaty of Versailles, so that we must now apply ourselves urgently to increasing our supplies.

STRESEMAN ON THE "PUTSCH"

From a speech at Halle on November 11th:

The desperate situation has induced many people to look for new forms, new personalities, and new ideas.

We are now confronted with the demand for a dictatorship. In this, the one element of justification is the fact that the usual course of parliamentary procedure should not be allowed to hold up essential measures. May I point out to you that Article 48 of the Constitution of the Reich confers far-reaching powers on the President and on those whom he may appoint to act in certain circumstances without Parliament? I am indeed aware of a complaint from the Free State of Saxony on account of the interpretation that I put upon Article 48. May I remind you that in the face of such a crisis we declared a "state of emergency", and this, in a military sense, we are not yet in a position to suspend. May I also remind you that after the events of the last few days we placed full powers in the hands of the Chief of the Army Command. All these are measures that prove that we are thoroughly determined to deal radically with the situation, and that we are well aware that in such extremities nothing is achieved by Party resolutions and Party conflict. But anyone who thinks that the demand for a dictatorship, as such, will improve matters, is making a great mistake in so far as he is confusing form and content. The form of a dictatorship alone

will certainly carry us no farther; the dictator, as such, is equally confronted by economic necessities. With him, too, what counts is his personality, his purpose, and all that stands before his mind.

"National dictatorship" is the new phrase. In the first place one must enquire who is to exercise it. An appeal in a beer-cellar to Herr Adolf Hitler to come forth and guide the political destinies of Germany will bring no help to the German people. The damage that all this has done will burden us for a very long while. Without a programme and a personality the cry for a dictatorship is an empty catchword, and I particularly regret that it has been brought into connection with the "national" idea, with an obvious implication against the present Government of the Reich. I should be grateful if those who are calling for a dictatorship would tell me when the Government that I lead has, in any of its measures, done anything that could be described as not national. I repudiate so shameless a slander. No good will be done by events such as we have lately seen in Bavaria. Our critics in Bavaria urge us to exert the authority of the Government, to be prompt and stern, and to rid ourselves of Party influence. It is alleged that we are under the spell of Marxism and dependent on that doctrine. I will not here indulge in any recriminations, but one thing I would like to say: If we had not allowed organizations that stand outside the Government to grow too strong, allowed them to offer us advice and tolerated their attempts, at least, to make the Government dependent on them, then these regrettable events would never have taken place at all. There were three sources of power in Bavaria: the Government, the Commissioner-General, and the levies with their organization, and the result was that Bavaria and the Reich came into the gravest peril. In such matters there is only one course for individuals to pursue; to be bold enough to endure unpopularity even in their own Party, even at the hands of those who have raised them upon a shield.

The events in Bavaria may, as they turned out, seem grotesque, but they were in fact profoundly tragic, inasmuch as they showed that the most powerful enemy of the German people was always its own want of unity. I must say that I was deeply shaken to observe a German Commander, whose name was well known throughout the world and whose name would have survived by reason of his achievements in the war, allowing himself to be so far abused and

led astray as to take up arms against the Reich. Now we see that land plunged in hopeless conflict and confusion; a people labouring under the acutest mental distress, a people that had done its duty tempted to desert that duty. Let me ask you one question: if you were called upon by these satellites of Hitler to join them in ejecting this "feeble" Government and reconstructing the Reich, do you really think that these merely destructive forces could have provided competent dictators for our unhappy Germany? I think there are many who will put themselves this question when they consider what has recently happened in the South. From the other side, it has been said of us, of the Reich, and of the Reich Government, that we have failed in our dealings with Bavaria. I have been accused of want of resolution because I have not taken a stronger line against Bavaria in past disputes. In reply to this I would merely say this: in the fight for the unity of the Reich, it is in my opinion the duty of the Reich Government to adopt the way of peaceful understanding until the very last resort, so long as it is a conflict in which there are Germans on both sides.

Let us ask ourselves what really led up to this crisis, so far as these affairs can be reduced to actual matters of fact. We were told that the Reich had not gone far enough to meet the desire of the States for greater independence—for what, in fact, is called a federal constitution. In our Party, we stand, as you know, for a central Government with the widest possible authority, but I have never for a moment hesitated to recognize that the individuality and responsibility of the various States should be more emphasized than at present. Under the arrangements now in force, the Reich Government not merely controls and raises the revenue, but is also responsible for paying the salaries of the States Civil Services and the local administrations. This has given rise to a situation that, in practically depriving the States and municipalities of responsibility for expenditure, has proved directly injurious to the Reich, and indirectly and in the last resort, to the interests of the States themselves. This Cabinet has, indeed, been very desirous to secure greater local financial independence and responsibility, and some results have already been obtained in the matter of traffic and transport. As regards the much disputed question of the interpretation of Article 48 in connection with the limitation of the rights of the States and of the President of the Reich, a short bill is to be drawn up, and here too a way will be found to safeguard the powers

of the States in the case of internal disturbances. But these questions should—indeed they must—be dealt with in a constitutional manner. If the Bavarian Government wishes, within that limitation, to secure greater independence and will state her case, the Reich Government is at all times at her disposal, and I shall welcome the moment when the axe is buried between Bavaria and the Reich. For what we need is a united front against the world, not dismemberment within.

The next fundamental fact is the vast difference between the national consciousness in the South, and what, with us, is described as our dependence on the spirit of Marxism. Commissioner von Kahr was proposing to deliver a speech on the subject; he issued it to the Press, however, before the occasion arrived, so that we may at least read it even though it may never be delivered. It is, in fact, a detailed manifesto against Marxism. I must be allowed to say that the argument is such as would certainly not be controverted by us, or, I think, in any Moderate circles, nor by all who profess Socialism. When Herr von Kahr says that trade and industry alone will not cure the nation's ills, and that it is a Marxian idea to reduce everything to a material basis, I find myself in entire agreement.

So long as we do not shake off the spirit of the exchange bureaux and the liquor shops and get back to the spirit of old Prussia, and a stern and moral view of life, we have no right to salvation and resurrection!

These are ideas that, believe me, are not confined to Munich; we in Prussia have, in all respect, had occasion to conceive and utter them. And if, to go further, it is urged that personality must prevail against the will of the masses—that is really the fundamental principle of Liberalism; it is certainly no new discovery. If all this is included in the fight against Marxism, then I may be allowed to think that it was wholly unnecessary to bring upon Germany all the troubles that were born of this unhappy phrase, since the ideas involved have been already presented by others in a more forcible form and with more practical results. Through all the depressing hours of my work as Chancellor, the one moment of satisfaction was when I read that the great industrial organizations in Bavaria, the Augsburg Chamber of Commerce, the Working Men's Union, and other bodies, had declared against the policy of the dictator Kahr. However, I will not dwell upon this interlude; I will

merely ask when the Cabinet that bears my name has shown any Marxist dispositions in its acts. The military occupation of certain States, the withdrawal of the demobilization law, the introduction of an ordinance to deal with hours of work—are these the measures of a Cabinet guided by a Marxist spirit?

From the political aspect, it might indeed be said: You did not, apparently, leave the Coalition of your own accord with the Social Democrats, since the Great Coalition could not hold together. The Great Coalition broke down because Social Democracy contained an element of uncertainty since its fusion with the whole body of independent Socialists. Since that moment the responsible leaders of the Party—and I must pay high tribute to their sense of responsibility in adopting many measures in spite of their justified anxiety that they would thereby lose the support of the masses—they no longer had a firm control over their Group, which fell asunder into two almost equal and opposing wings. When the decisive vote as to whether the Enabling Act should be extended to cover social-political questions, resulted in a resolution of 61 against 54, I think it was, and when the allegiance of a Group to its leaders depends on so trifling a balance of votes, an element of uncertainty is introduced into the Government, which cannot for long persist. It was not the members of the Cabinet, who were nearly always in agreement with our policy—it was in the last resort, the anxiety lest in these times of ferment the electors might drift into Radical camps; and finally the anxiety whether, in a time which was clamouring for new forms essentially at variance with the teachings of other days, this was compatible with the great political party.

THE TURNING-POINT ON THE RHINE AND THE RUHR

At the Cabinet meeting on November 12th, 1923, the newly appointed Minister of the Interior, Dr Jarres (hitherto Burgomaster of Duisburg), was present. Stresemann summed up the main difficulties on the Rhine and the Ruhr as follows, while at the same time making practical proposals for the relief of the situation:

(1) Payments to the occupied area would only be provided for a very brief transition period, and to the extent that would make it possible for the local authorities to issue stable emergency currency on the basis of the stabilized Reich Treasury bills.

(2) A decree would be promulgated authorizing a Department of the Occupied Area, to issue decrees, even though they might be in conflict with Reich and State laws.

(3) A general announcement would be issued to the world at large calling attention to the situation created by French policy; and further making clear that the obligations laid down under the terms of the Treaty of Versailles could not be made effective until the legal conditions set up by that Treaty were restored in the occupied area. The officials in the occupied area would be recommended to remain at their posts.

Since the end of October Poincaré's obstinacy had prevented any progress on the Reparations question. Poincaré had even disputed the right of the Reparations Commission to decide on a reduction of the German debt, which called forth a protest from Bradbury, the English representative. Stresemann made a statement on the subject to the Berlin correspondent of the *Manchester Guardian*:

The attitude of the *Manchester Guardian* on the question of the Experts Committee has interested me very much. It was very justly stated in the article that an Experts' Committee subordinated to the Reparations Commission would not be very well calculated to provide for a rapid restoration of all the social and political conditions by which the collapse of Germany might be prevented, and which might provide a prospect of Reparations payments for the future. After all, the Reparations problem is not entirely an economic problem, but a political question, and the economic and political aspects of it cannot be discussed apart. On this account the suggestion of General Smuts that an international conference should be called to consider the matter has awakened a powerful response in the German people. It is essential that in Germany itself normal conditions should be restored. I need not say that we expect help not merely from without.

When I made the first Government statement on behalf of my Cabinet in the Reichstag, I made it clear that the best foreign policy consisted in the restoration of internal order. These words were really no mere phrase, and if you consider the last decrees issued under the Enabling Act, you will realize with what determination we are attacking our task of bringing the State back to order. What for a long while seemed impossible has been achieved under the Enabling Act in a very few weeks; the taxes are now on a gold basis, as also the railway rates. Many other kinds of public

expenditure have also been reduced, and it has been decided to discharge 25 per cent of our officials, which will be done. We can hardly believe that an International Financial Control, as has been so often mentioned, and as in fact exists in German Austria, could proceed more rigorously to restore order than the Government has done. But it is indispensable that there should be some relaxation of the heavy pressure upon us from without. The proposed new investigation of Germany's capacity to pay may possibly lead to a conference that will be called upon to decide how a tolerable situation may be restored in Germany, such as will be the sole foundation of a subsequent capacity to pay, as also of the re-establishment of peace in Europe.

Baldwin, in an election speech, expressly said, with direct reference to Poincaré, that the separation of a part of German territory from the mother country was a breach of the Treaty of Versailles. According to the Havas Agency, the British Government instructed its Ambassadors in Paris and Brussels to inform the French and German Governments that H.M. Government did not recognize the legality of the "Rhenish Republic", and would oppose any attempt to carry out a Separatist rising in the British Cologne Zone. However, the fate of the Rhineland is quite uncertain. On October 30th, Tirard, the Chairman of the Inter-Allied Commission, left for Paris; and it was assumed that the decision as to the Rhineland would there be reached.

Even before Tirard's departure, Justizrat Monnig of the Centre Party, and Meerfeld, the Social Democrat, both members of the Reichstag, had seen him in Coblenz and explained the views of the political Parties on the question of the separation of German territory from the Reich. Louis Hagen was with Tirard as economic adviser.

At this momentous juncture D'Abernon paid a visit to Maltzan. The English Ambassador gave him some information regarding the Note lately communicated in Paris and Brussels. In it was expressly stated that England could not tolerate an independent Rhine and Ruhr outside Germany, and must regard this as a violation of the Versailles Treaty. Autonomy within Germany could only come into question if it was the result of a definite wish and a free determination on the part of Germany. Lord D'Abernon here interjected that England had only taken this very definite line because there was complete confidence in the personality of Stresemann and in the existing Cabinet, and also a conviction that England and America could, on the basis of Stresemann's programme, bring the Experts' Committee to a favourable issue, which would mean a relief from the burdens now afflicting Europe.

At 6 P.M. on November 1st the Cabinet meeting, which had been summoned for the morning, took place in the Chancellor's private room, as he was still ill. The most important question—that of the negotiations by the great employers of the Ruhr—figured as the first item on the Agenda. The matter involved further obligations on the part of the Reich Government to the Ruhr Industrials, who, represented by Stinnes, Klöckner, Vögler, etc., had again appeared before the Mining Commission, and brought the questions of the delivery of Reparations coal, the levy of the Coal taxes, the export and despatch to unoccupied Germany, nearer to a solution satisfactory to the Occupying Authorities, according, at any rate, to the reports of the Düsseldorf Press service. The French had increased their claims.

On November 13th a conversation took place with Stinnes and Vögler. Vögler began by reporting that in the middle of the previous week the Belgian negotiator Frantzen had got into touch with him regarding the question of charging deliveries to Reparations account, and coal for Italy. The negotiations in Düsseldorf had for a time taken a dramatic turn, in the course of which Frantzen accused Vögler of deliberate procrastination, and Vögler told Frantzen he was dictatorial; and there seemed several times a likelihood that they would be broken off. During these negotiations the troops of occupation, by further confiscations at the mines and by threats of imprisonment, tried to exercise a vigorous personal pressure on the German negotiators.

The Commission of Six (of the Industrials) were very strongly of the impression that the opposite side intended in any event to come to an arrangement. In due course an agreement was reached on all points except on the question of charging deliveries to Reparation account, and the admission of the German coal-shippers to a corresponding arrangement. As regards the tax-payments or the deliveries in kind, the Micum organization, *i.e.* the *Mission Inter-alliée de Contrôle des Usines et Mines*, which had been in existence since January 1st, 1923, demanded a quite general attribution which would have enabled it, if it chose, to charge these consignments against the expenses of the troops of occupation. The Commission of Six refused this, and demanded a binding undertaking that these consignments should be charged to Reparations account.

The negotiations were broken off. During the hour before the departure of the train, the Micum, which in the meantime had telephoned to Paris and Brussels, brought forward a new draft in the last clause of which the attribution of the arrears of coal taxes and the future special deliveries was left entirely open.

On the second point, regarding the admission of the coal-shippers to a corresponding agreement, the Micum unexpectedly

changed its ground. The representatives suddenly refused to include the coal-shippers on the pretext that the Rhine shipping trade did not come within their competence but concerned the "Commission Vitale" in Coblenz. As regards the inclusion of Italian coal in the agreement, the representatives of the Micum maintained their position. The Committee of Six did not, in the end, resist this proviso, as they reflected that a partner consisting of France, Italy, and Belgium might be very much more welcome in the future for the purpose of dispassionate and practical negotiations, than one consisting only of France and Belgium.

At the meeting of the Cabinet on November 13th with the representatives of those States affected by the occupation, viz. Prussia, Bavaria, Hesse, Oldenburg, at which Geheimrat Louis Hagen, Burgomaster Dr Adenauer, Burgomaster Hamm, together with twelve members of the Committee of Fifteen were also present, Stresemann said that the negotiations of Stinnes and Vögler with the French had come to nothing. It would, perhaps, still be possible for the Reich to continue the unemployed relief in the occupied territory for ten days after November 15th, but it must then come to an end.

THE RETURN OF THE CROWN PRINCE

Fresh *sanctions* were threatened by the Quay d'Orsay owing to the return of the Crown Prince, who arrived at Oels from Wieringen on November 11th. The Ambassador's Conference was to have met in Paris on November 17th, but was postponed for twenty-four hours and then for two days. It was again postponed. On November 9th the Conference had enquired whether the German Government had expressly authorized the former Crown Prince to return to Germany. The German Chargé d'affaires, Herr von Hoesch, was instructed to reply:

"The former Crown Prince several weeks ago submitted a request to be allowed to return to Germany. The German Government considered this request and could find no reason in law or fact that would have justified a refusal to allow this German subject to return to his family. The German representative on the spot was therefore empowered to give the former Crown Prince a passport for his return, should he apply for one."

Stresemann visited the Crown Prince at Wieringen in 1921. He had proposed to visit him again in June 1923, but this had not proved possible. The following are the letters immediately connected with the return of the Crown Prince to Germany:

BAD HOMBURG, *July 23rd, 1923*

YOUR IMPERIAL HIGHNESS

. . . Allow me to enclose a note on the present political situation in Germany. Perhaps it merely contains what Your Imperial Highness already knows—in any case it represents what I should have told Herr von Müldner [the Crown Prince's Adjutant] if I had had an opportunity of seeing him in Berlin.

I know from the conversation that I lately had with Herr von Müldner how greatly moved Your Imperial Highness is by the prospect of returning to Germany. I hope, accordingly, that you will not take the following remarks in the spirit of a warning against your return. There will for a long while be unstable conditions in Germany, and the excitement that will naturally be caused in certain circles by your return to Germany must somehow and sometime be faced. If, therefore, Yr Imperial Highness feels that you can no longer stay in Wieringen, and this will in any event be the case in the coming winter, I will gladly use my influence with the Parties and the Government to secure you permission to return to Germany. At the same time, I would suggest Oels to Yr Imperial Highness as a domicile, so that we may avoid the objections that would naturally arise were you to settle at Potsdam.

I should be very glad to know that these lines find Yr Imperial Highness in good health and as cheerful as may be expected after the strain of four years' vain hopes. What these four years at Wieringen have meant for Yr Imperial Highness is very deeply and generally felt by the German people. But there is also a feeling of gratitude to Yr Imperial Highness for remaining aloof from the conflicts of home and foreign affairs during those same years. If Yr Imperial Highness's return is accomplished without those agitations that would certainly have accompanied such a step at an earlier date, and would perhaps have rendered it impossible, it is mainly due to the self-sacrifice with which Yr Imperial Highness has accepted the lot of an exile living away from his home. I feel that these years at Wieringen will exercise a special influence on the judgment of history. However, I hope that these times will soon no longer belong to the present, but be no more than a memory of the past.

I do not know whether I shall meet Herr von Müldner in Berlin after my return from Homburg; if not, might I ask you to instruct

him to let me know when he next turns his steps towards Germany, so that I can then have a quiet talk with him on all these matters. . .

We are at present confronted by very grave decisions in home affairs. The Cuno Government in the first few weeks and even months of its activity was supported by the deep and united confidence of the whole people. This situation is now, unfortunately, considerably modified. Both in the direction of the Right and the Left the Government has, indeed, lost many adherents.

The German Popular Freedom Party, the suppression of which was an act of great political folly, has cited the Chancellor Cuno before the Supreme Court as a witness, contending that he had on his part given assurances to Herr Rossbach that justified the Party in looking on the Chancellor as kindly disposed to their efforts. Herr Cuno vigorously contests this, and has expressed to me personally his deepest regret that Herr von Graefe, whom he took for an honourable man, should have used private conversations in a fashion that conflicted with the true sense of what had been said. He had never for a moment left it in doubt that he would have nothing to do with schemes that proposed to begin by letting loose a civil war at home and destroying the Parties of the Left, and then, but not until then, to set about freeing Germany from her international burdens.

Since the Government sent the first Note, and since the Chancellor made it quite clear that he no longer insisted that the evacuation of the Ruhr should be a condition of the initiation of any negotiations with France—a condition that he never stated in those terms, but unfortunately omitted to deny—the Parties of the Right have been very critically disposed towards the Government. Cuno is, indeed, more committed to the Right than any previous Chancellor; he is very strongly under the influence of Helfferich, and will certainly do nothing that will bring him into direct conflict with the German Nationals.

The almost benevolent neutrality which the Social Democrats first adopted towards the Cabinet has long since turned to criticism, and threatens to pass into open hostility, which is much more directed against the Foreign Minister, von Rosenberg, than against the Chancellor direct. The Chancellor they regard as a weak man, dependent upon many influences, and they reproach him with not being in a position to take charge of the situation in

Germany at the appropriate moment. It is of particular importance to note that the Social Democrats allow the lines of their policy to be settled for them by the Communists. At the last Diet elections in Mecklenburg-Strelitz the Social Democratic Party lost half their mandates to the Communists, which indicates how far the radicalization of the masses has gone. In the Parliamentary Group, Hermann Müller, Wels, Hilferding, Braun, and Severing, who may be regarded as the leaders of the right wing of the Social Democrats, still retain control, but there can be no doubt that their position is threatened. In this connection a sharp distinction must be made between the Parliamentary Group and the Party at large. The Party is much more radically inclined than the Parliamentary Group. The Social Democratic Press in the provinces adopts a highly radical tone. Here are to be noted the activities of the former leaders of the Independents, who were always the more vigorous and active. In the event of new elections, it is very doubtful whether the more moderate wing would again obtain control. Added to which, Ehrhardt's escape [from gaol, 1923] greatly excited the extremest elements of the masses and strengthened their influence. The fraternization with the Communists, which proceeded quite openly in Saxony, disgusted the leaders of the Social Democrats. Although they sent a speaker to Saxony, whom they understood would be popular with the Left—Dittmann [Vice-President of the Reichstag]—the Saxon electorate entirely disregarded his expositions of policy.

Although, indeed, the parliamentary situation has aggravated matters so that we may expect the most violent political conflicts when the Reichstag meets again, the main disturbing influences lie outside Parliament. The cost of living is rising in a most disquieting way, and the oppressive measures of the French are raising the hatred of that country almost to boiling point. The nation calls despairingly for help, and has no confidence in a Government that cannot give it. The notion that Parties and the Government must be swept away is gaining the upper hand in thoughtless minds. Just as on the eve of a declaration of war between two Powers, neither side cares to make the decisive move simply because it does not wish to be the one responsible for the breach. A *Putsch* by the Radicals of the Right would be very welcome to the Communists. The Radicals of the Right, on the other hand, are waiting for an outbreak by the Communists somewhere in Central Germany, to

give them an opportunity for an onslaught. Both parties are well equipped. The Communists are indeed weak in Berlin, but they have the upper hand in Central Germany. It would appear that in East Prussia, Pomerania, Brandenburg, and parts of Silesia, the Radicals of the Right are in absolute control. Part of the Reichswehr is likely to side with the Radicals of the Right. Gessler's opinion of the unconditional loyalty of the Reichswehr to the State as at present constituted seems to me unjustified optimism in the face of the attitude of the officers and the rank and file. I think the only elements that would come out on the side of the Government would be the more or less organized Socialist Hundreds and the Sipo in Prussia. The whole situation is one of the most disagreeable that can be imagined.

What seems likely to prevent an explosion in Germany is much more the confused state of public opinion than any satisfaction with the state of affairs as it is. The people are not yet used to this succession of Ministers, such as is more easily understood in countries with a longer parliamentary tradition; they merely get the impression that things are growing worse and worse, and that no one is in a position to help. Moreover, as touching foreign affairs, it is particularly essential that there should be no loss of nerve or dignity in Germany. So long as the vacation lasts, very probably nothing will happen. On the other hand, the end of August and the beginning of September will clearly show whether the Government can still succeed in controlling the domestic storm.

In foreign affairs the situation is rather strained. In the matter of the second memorandum, England would never have played so active a part had she not been determined to oppose France to the utmost, at any rate by diplomatic methods. In this connection, however, we have been warned from confidential sources in that country that the conflict may still last for months and that we must be prepared to hold out. The latest news from America—through Ambassador Houghton—goes to suggest that America is disposed to participate in the action against France, at any rate financially, in so far as she will agree to financial measures calculated to depress the franc. Much is expected of this in German economic circles, but I do not feel very optimistic about the proceeding, since whoever disposes of the gold deposits in the Bank of France must be in a position to keep the franc at its present level for a very long while

WIERINGEN, *August 1923*

DEAR CHANCELLOR

Allow me to thank you most heartily for your kind letter and for your report on the present situation, which interested me greatly. In the meanwhile, you have taken over the office of Chancellor at a very difficult time. I am sure, if I may say so, that you will find ways and means to secure a period of rest and quiet progress for our poor harassed Fatherland.

It is welcome news that your Government is making an energetic attempt to combat this lunatic inflation. How far the new taxes are bearable, and more especially what will be the effects of the seizure of foreign exchange by the Reich, I am not in a position to judge. There are enough dangerous rocks in the fairway.

Although I am condemned to political inactivity, you know that I follow with the deepest interest all the events, negotiations, and decisions that may contribute to the restoration of our Fatherland, and from the bottom of my heart I wish you success in your heavy and responsible office. . . .

With the heartiest greetings, I remain—

Yours most sincerely

(Sgd.) WILHELM

DEAR CHANCELLOR

I beg you to understand the following lines in the spirit in which they are meant. As a German—I had almost written, as a German living abroad—I long to shake you by the hand, in spirit, for your speech to the representatives of the Press (6/9/23). Your emphasis on our glorious past, your appeal to national feeling, on the one hand, and, on the other, your insistence on the principle of sacrifice of money and property, but of not one foot of German soil, will be joyfully ratified by every true German.

With the heartiest greetings—

Yours most sincerely

(Sgd.) WILHELM

DEAR CHANCELLOR

I see from the papers that the abandonment of passive resistance in the occupied districts is now settled. The Ruhr conflict may therefore be now regarded as for all practical purposes at an end and there need be now no obstacle in the way of my return to Germany.

Although the answer, which I await with confidence, to my request of August, is in any case now due, you will, I am sure, pardon me raising the question again; affairs at home and abroad are so unsettled at present that the consent should be given by the Cabinet under your leadership, before anything untoward happens that might

tend to interfere with my return. The Government will realize that I have gone to the limit in my consideration for the difficulties of their position. I think I have a right to expect a sympathetic understanding of my case and not have to wait for a further postponement of the decision. . . .

All my thoughts are with the Fatherland in these anxious days.
With best wishes and greetings—

Yours
(Sgd.) WILHELM

BERLIN, *Oct. 10th*, 1923

YOUR IMPERIAL HIGHNESS

I thank you most heartily and sincerely for your kind words about my speech to the foreign Press. I have myself little opportunity of observing what effects are produced abroad by what goes on here; moreover I had not in any way prepared what I proposed to say that evening, and I said frankly what lay nearest to my heart. It was, indeed, because I was speaking in the presence of foreigners that I took care to leave them in no doubt of the fact that although Germany had been deprived of political power, nothing could rob her of her national pride. These words were greeted by those foreigners with a burst of spontaneous applause—a clear proof that this kind of admission has quite another effect than that imagined by the sort of German who thinks to win sympathy by casting aspersions on the past.

Meanwhile we have fallen into a serious crisis. We had to give up passive resistance because it had itself completely broken down, and would have merely plunged us into Bolshevism if we had had to finance it any longer. There is a disposition in many quarters to identify, quite wrongly, the tactical measures rendered necessary by our defeat in the Ruhr conflict, with an abandonment of the claims for which we are fighting, now no less than before. Just as we fought against the surrender of the so-called War criminals, so now we are fighting for the exiles and the prisoners, and for the banished officials; and on the horizon there appear already the signs of the fundamental struggle for the freedom of the Rhine and the Ruhr. I take a very pessimistic view of the future. I scarcely dare to hope that there is any prospect of achieving by negotiation a tolerable state of affairs that will enable us to go on living within the terms of the Treaty of Versailles. The next few days will make this clear. Our people, politically so ill-educated, shifts back and forward between Com-

munism and Radicalism of the Right. If only those who criticize the policy of the Reich Government would read the lives of Stein and Hardenberg they would find out that the restoration of a nation is not brought about by bluster and by rattling an empty scabbard. If the German people were united, prospects would indeed be better. But the German only looks on foreign politics from the point of view of party conflict in his own country, and loses the essential opportunity.

I was greatly touched by Yr Imperial Highness's even incidental reference to yourself as a German living abroad. As my colleague Severing has already informed Herr von Müldner, he takes it for granted that Yr Imperial Highness will be able to return to Germany in late Autumn; and I share that view. Yr Imperial Highness has met and endured four years of deep mental suffering with great strength of character. The day on which Yr Imperial Highness returns to your German home will, I hope, initiate a period of repose with your family, of useful activity on your own soil, and co-operation in the recovery of our Fatherland. I confidently hope this day may not be far distant, and that all the hopes which Yr Imperial Highness attaches to it, may be completely fulfilled. The number of those who have long since banished from their minds the caricature of the Crown Prince that was so long current in public opinion is, I am glad to say, always growing larger; and I need not assure Yr Imperial Highness that I am one of them.

I shall be glad from the bottom of my heart to see Yr Imperial Highness home again soon.

BERLIN, *Oct. 24th*

YOUR IMPERIAL HIGHNESS

I am delighted to inform you that in yesterday's sitting of the Cabinet it was unanimously agreed that your application of last August for authority to return to Germany should be sanctioned in principle. With reference to the explanations given by Herr von Müldner, the Cabinet proceeds on the assumption that you will place yourself in communication with the Foreign Minister regarding the date of your return, but that this shall not be later than Dec. 15th next. The Cabinet also notes your intention to settle at Oels, and also of your intention to abstain from any political activity. A special communication will be sent to you regarding this point, which needs

to be formulated in detail. I enclose an extract from the Cabinet minutes.

While acquainting Yr Imperial Highness of the Cabinet's decision, I cannot forbear expressing my own personal pleasure that this decision was given by the Cabinet on my proposal, and, as I may permit myself to add, was reached unanimously and without objection or criticism, after my statement had been heard. A long time back, before I was a member of the Cabinet, I had repeatedly tried to work in this direction; but political events always intervened. Even now, when your return is imminent, the situation in Germany is as troubled as ever. The Ruhr conflict is not disposed of; indeed we are there confronted by vital decisions, as also in the conflict between the Reich Government and Bavaria. The state of affairs both at home and abroad is extremely strained. I am of the opinion that, since, with a generally recognized consideration for the interests of the Fatherland, you have been willing to remain abroad, no one will suspect you of wishing to take any part in public affairs.

Yr Imperial Highness will find your German home, which you, as a member of the German ruling house, knew in years gone by in all its glory and greatness, in a state of desperate confusion, impoverishment, and distress. But it is still Germany, and it is still home, and millions of Germans will rejoice with you at the thought that after more than nine years' absence you will be able to celebrate with your family on German soil the most German feast of all. I was repeatedly able to exchange ideas with you in the years that followed the War, and I have never forgotten the days I spent with you in Wieringen. I shall be sincerely glad of an opportunity to greet you after your return to a place where you have so longed to be, and where you will be able to take your share in the restoration of the Fatherland.

WIERINGEN, *Nov. 1st*

MY DEAR CHANCELLOR

It was with great pleasure that I read in your letter of Oct. 24th and heard from Major von Müldner that the Cabinet had agreed in principle to my return to Germany, and that arrangements to that end would at once be taken in hand.

I beg you, my dear Chancellor, to accept the expression of my hearty and sincere thanks for your kind and successful efforts, for I know that without your intervention I should never have succeeded in what I have so long desired. It did my heart good to see

in your warm-hearted words so human an understanding of my position, and a further proof of the good will that you have shown to me before.

As you kindly request in your letter of Oct. 24th, I will gladly let you know the date on which I would propose to return.

I hardly need to tell you, my dear Chancellor, how deeply grieved I am at the thought of seeing my beloved country in distress and confusion after nine years' absence. But I am encouraged by the unshakable belief that the people will ultimately overcome even this ordeal that fate has laid upon us, and I am happy at the thought of being able to do my share in alleviating the distress and helping the Fatherland to recover. As always, now and in the future, all my wishes, thoughts, and acts are for the service of the German people.

(Sgd.) WILHELM

Note by Stresemann:

Regarding the return of the Crown Prince from Wieringen, both Herr von Müldner and the Crown Prince's former legal adviser Exzellenz Dr Krieger, were constantly in communication with me. In these interviews I always adopted the standpoint that as a citizen of the German State the Crown Prince possessed the right to live and have his being in his German home, and that the time of his return was merely dependent on seizing the right political moment. While the decision regarding Upper Silesia was in the balance, I advised the Crown Prince not to come back to Germany, since it was possible that an unfavourable decision might damage his position, as popular opinion might conceive it to be a result of his return. On several occasions I discussed the Crown Prince's return with the President and found that he entirely understood my point of view. At the suggestion of Exzellenz Krieger I visited the Crown Prince at Wieringen to acquaint him with the position in Germany, and at the same time to discuss with him the questions connected with his return.

The question became acute when I took over the Chancellorship on August 13th, 1923. If I am not mistaken, Herr von Müldner came to see me on the 14th or 15th of August and conveyed to me the Crown Prince's request for a passport to return to Germany. I did not hesitate for a moment to express my agreement, in principle, with the fulfilment of the Crown Prince's desire. The question became urgent in October of the same year. At a meeting of the Cabinet, which was attended by Secretary of State Weismann as

representative of the Prussian Government, I explained the reasons that seemed to me to justify the issue of the passport. So far as I can recollect, at that meeting only two people spoke. A member of the Cabinet, who was actually also a member of the Social Democratic Party, agreed with what I had said, and Herr Weismann stated that the Prussian Government shared the Chancellor's view. Thereupon the Consulate-General in Amsterdam was instructed to issue the passport to the Crown Prince. I acted upon the presumption, which I had discussed with Herr von Müldner, that an understanding would be reached between the German Government and the Crown Prince regarding the date of his return.

The political conditions in Holland, and particularly the growing interest of the Entente, which had begun to agitate against the Crown Prince's return, caused him to cross the frontier without previous announcement. The President was very indignant at this, but I managed to calm him down. We then received very alarming news of the steps the Entente proposed to take against Germany. It was said that France had suggested using the Crown Prince's return as an excuse for action against Germany, but this proposal was nullified by England's refusal. I myself had a long interview with the English Ambassador; I gave him a picture of the Crown Prince's personality, and, by contrast, dispelled the prevailing legends about his militaristic and reactionary views. I also asked the correspondent of *The Times* to come and see me, and gave him a detailed interview, in which I laid especial stress on some information given me by the Crown Prince regarding his attitude to King Edward, on the memorandum addressed by him to the Emperor after the battle of the Marne, and his whole constitutional outlook on home affairs. The storm was ultimately allayed, and there was no agitation in Germany; the Social Democratic Press could not exploit the position, since it was known that the Social Democratic members of the Cabinet had agreed to the Crown Prince's return.

ENGLAND, ITALY, AND GERMANY

The London Press made it clear about this time that England refused to make martyr of the Crown Prince, or to increase the confusion in Germany by further occupation of German territory. Mussolini, by the terms of his speech in the Senate, was in agreement with England. He there stated that, in order to create peace

in Europe, the problem of Reparations must be considered from the following points of view:

(1) Reduction of the German debt in proportion to the reduction of the inter-Allied debts.

(2) A moratorium extending over several years.

(3) Insistence upon guarantees and pledges.

(4) Evacuation of the Ruhr as soon as these pledges should be in our hands.

(5) No interference in the internal affairs of Germany, but political and financial support for any Government that may be able to guarantee the restoration of order in the Reich.

(6) No delays over territorial matters, and still less any military occupation of further territory.

On November 17th Stresemann instructed Maltzan to thank Bosdari, the Italian Ambassador, who was calling upon the Secretary of State, for the sincere and heartening words that Mussolini had used about Germany. Count Bosdari expressed his earnest hope that the Stresemann Cabinet would not meet with any difficulties in the near future. Mussolini's words were to be not least ascribed to his personal esteem for the Chancellor. Thanks to the policy hitherto pursued by Poincaré, which had been growing increasingly intolerable, Germany had succeeded, under cautious and astute leadership, in regaining the sympathy of America, England, and Italy, and some measure of understanding from Belgium.

When Bosdari referred to the visits of Control that had begun once more, Maltzan asserted that the Reichswehr, which had just shown their reliability in Bavaria and in other parts of Germany, must not on any account be subjected to such an ordeal. They would otherwise not obey the Government if it should become necessary to defend the Diplomatic Corps in Berlin against attacks by the starving mob. As regards the Crown Prince, the Ambassador said that no political importance was attached in Italy to his return, and there was much human sympathy for a father's wish to get back to his family after so long a time. Maltzan told Count Bosdari that Germany would deliver the arrears of coal due up to November 15th. All had gone excellently with the negotiations between the Ruhr Industrials and the Micum until the French had suddenly claimed that the coal to be delivered should not be reckoned as Reparations coal. This was, of course, impossible, and merely a trick on the part of the French to prevent their Allies getting the benefit of the coal, with the intention of using it in compensation for the cost of occupation. Bosdari grew very excited.

THE GERMAN PEOPLE'S PARTY SUPPORTS STRESEMANN

On November 9th and 10th there were meetings of the Parliamentary Group of the German People's Party. By 31 votes against 15 a motion put forward by Gildemeister was accepted, to the effect that the German National and the Bavarian People's Party should be induced to define their position, and to state whether they were prepared to take part in or to support a reconstructed Government formed from all the moderate Parties, and that Stresemann should be apprised. Heinze then called away Scholz for an interview with the German Nationals Westarp and Wallraff. Wallraff said that the Chancellor personally was highly disapproved among large sections of the German National Party. Scholz replied that he must not think that the German People's Party, on their side, was prepared to produce another leader of the Government or other candidates for office when, at the instance of another Parliamentary Group, their own leader had resigned. He might put any such idea out of his head. Scholz then stated through the medium of the Press that the negotiations with the German Nationals were now at an end and that these latter must take the entire responsibility. In the subsequent meeting on November 10th there was strong support for a moderate block.

November 18th was, for Stresemann, entirely occupied by the meeting of the Central Committee of the German People's Party. It ended with a victory for Stresemann over the opposition. The Central Committee, by 206 votes to 111, passed a vote of confidence in the Chancellor, and took cognizance of the statement of the chairman of the Parliamentary Group, Dr Scholz, that no member of the Group could be induced to sacrifice the person of their valued leader to any sort of demands from any other Party.

Stresemann's speech to the Central Committee:

I have been very anxious, as Chancellor, to give an account of my three months in office to the Central Committee of the Party, without whose agreement I should not have been able to assume my office. I have been very anxious to address my Party friends on these matters, because their decision is of the greatest importance for the events of the immediate future and their consequences. The question is: Is my policy agreed or rejected by my own Party? Either the Party is not at one with its Chancellor, in which case he must take the consequences, or the Party stands behind him, in which case others must take the consequences of their attitude. I am also anxious that there shall be complete candour on both sides,

and that all questions shall be raised regarding which there has been a good deal of vigorous criticism.

To begin with foreign policy. Here I can start with the question in regard to which the policy of the Cabinet has met with universal agreement. That the abandonment of passive resistance is a necessity no one disputes. It is urged against us that the abandonment was unconditional, and served to show up the complete collapse of our foreign policy. In reply to this I would make two comments. There was no intention of abandoning passive resistance unconditionally. On the contrary, I made every effort to secure acceptance of the conditions that had been put forward by my predecessors at the Foreign Ministry. But my efforts were in vain, owing, indeed, to the fact that the Allies of France did not at that time give us any support.

But if the matter is pressed and we are asked why the Government did not secure the acceptance of their conditions, it must be also asked what means stood at the Government's disposal. It was not open to us to exercise force, and the moral resistance on which passive resistance at first depended was not of unlimited duration. As the glow of the original enthusiasm died down, and the burdens on our finances grew heavier, we found ourselves forced to give up that policy even without securing the acceptance of our conditions. To set ourselves to maintain passive resistance unconditionally would not have been a right policy. As an ordinary member of the Reichstag, I said some time ago, with reference to the then Foreign Minister, Dr Simons, that no German Foreign Minister was in a position to pursue a popular policy because there was always so serious a discrepancy between the high tension of national feeling and any practicable policy. But on that ground the responsible Foreign Minister must not adopt any less national standpoint than those who speak without responsibility.

The second point that here comes up for consideration is our negotiations with France. It has been said that these negotiations were hopeless from the very beginning. But there are negotiations that must be pursued even if it is feared that they offer no prospect of success. An attempt must be made to discover whether France can be brought to a settlement or not. And I think that the subsequent course of events in the diplomatic sphere, even though its full effects are not observable now and will not be observable until later, do not admit of the use of the word failure in so far as the

Cabinet is and continues to be in a position to exercise an immediate influence on this course of events. All our measures of a political and diplomatic nature, through deliberate co-operation by the two Anglo-Saxon Powers, the estrangement of Italy from her neighbour, and the vacillation of Belgium, have combined to create a situation for France that that country will not in the long run be able to sustain. I will not maintain that the immediate result of this policy for us will in all circumstances be favourable. The significance of the development lies, for us, in the fact that it may lead the way to a new era of European history, and that significance remains even though the imminent consequences may be further outrages on the part of France.

What is the position on the Rhine and in the Ruhr? France's attitude has been such that the economic negotiations with the great employers have reached no result. As a result, we are in a very difficult situation as regards the occupied territory. We are confronted with the fact that we can no longer finance the Rhine and Ruhr without involving the whole Reich in ruin. It is not yet clearly realized by the public that we are subject to an internal financial control, namely, the Rentenbank. The credits that we obtain from this source must suffice absolutely for our needs. The occupied area absorbs, in about ten to fourteen days, some 100 million gold marks. If we had to pay out such sums for even only a few weeks more our credit would be soon exhausted, and we should thereby lose all we have achieved by the Rentenmark.

We do not disguise from ourselves that the occupied area will fall into terrible distress. For that reason we have tried every means to reach an understanding, and we expressed ourselves as ready to undertake a guarantee towards the great employers in respect of any agreements that they make with France. We offered to make good their outlay when we have put our finances in order, and to charge their payments to taxation account. The negotiations that they carried on were conducted with the approval of the Government. They failed because France declined to reckon the coal deliveries to our Reparations account, but wanted to charge them against Germany's "other obligations". As matters stand, this demand can only conceal an attempt to force us to recognize the invasion of the Ruhr as legal, and burden us with the costs of this proceeding. We therefore stated that we must unconditionally refuse this demand, and the representatives of industry replied in

that sense. The ten-hour day, of which Poincaré spoke in his last speech, played no part in these matters. The decision that we had to take is infinitely difficult and tears the very heart. None the less we had to take it, because we could not surrender a national and fundamental right of Germany.

I am of the opinion that the billion exchange rate which we reached at last is the consequence of an automatic process. The stone makes greater leaps the farther it falls. Meantime the plan of a new and stabilized currency has been carried through. We have been bitterly assailed because this currency has been so long delayed. In reply to this I would urge that the introduction of a stabilized gold currency had its special dangers so long as passive resistance was in force. The expenditure that we had to meet during that period would very soon have exhausted the stabilized money. At that time we still needed paper money. And if the solution of this currency problem has not proceeded very rapidly, our critics do not take sufficient account of the fact that on no subject are the views of experts so contradictory as on this. Every expert takes the view that his plan alone can lead to success, and all others to disaster. If, under these circumstances, the Cabinet did not take a hasty decision, but in selecting the right methods, remained conscious of its responsibility, its attitude should be understood. The Government acted as quickly and promptly as it could under the given conditions. At the same time, I quite admit that certain technical currency measures taken by the Government are open to criticism. If we succeeded in maintaining peace and order in Berlin and in the Reich in the most difficult conceivable circumstances, and in preventing the outbreak of a social revolution, I regard this as a proof that the measures we took were correct.

Turning to home politics, we have been chiefly concentrated on the Bavarian and the Saxon-Thuringian questions. The fact that we succeeded in tackling the Saxon question with the agreement of the Social Democratic Ministers was the consequence of a policy that could not be regarded as a failure. The Government could only act when the situation was ripe. It was very easy for the man in the street to speak of "that fellow Zeigner". For the Government he was the Premier of a German State, and it would have been dangerous for a Reich Government to take up the position that they could proceed as they thought fit against the Government of a constituent State. In order to preserve the law it was specially

urged in the Cabinet that the proceedings against Saxony should take the form of a military action, but that the Chancellor should himself assume the responsibility. I took the responsibility, and I had to think over the consequences with great care. It would be dangerous to stretch the bow of centralism too far in Germany. What happened in Saxony after Zeigner's fall was outside the competence of the Reich Government. I have been asked whether the Reich Cabinet would recognize as constitutional a new Saxon Cabinet of socialistic tendencies. To this question I of course replied Yes. The reconstruction of the Saxon Government was the affair of the Parliamentary Groups in the Saxon Diet. In the meantime, in Thuringia too, the Communists have been removed from the Government; and there also their removal took place fortunately without disturbance. The formation of a new Thuringian Government is naturally the function of the Parliamentary Groups in that State.

As regards the situation in Bavaria, we have been accused by the Left of measuring with an unequal measure. This contention is not correct. Until November 9th affairs in Saxony and Bavaria were not to be compared. In Bavaria life and property were not threatened. The conflict in Bavaria was a matter of federal claims against the central power; there was no suggestion of any necessity for direct action from outside. It had been Bismarck's policy to grant Bavaria reserved rights in the old Reich, and the fact that these rights were sacrificed in the storm of the revolution has, as can be well understood, left after-effects in Bavaria. It was Bavaria's right to try to recover these ancient privileges. The Reich Government has never opposed such an attitude as soon as the attempt was made on constitutional lines. In any event, in the present situation one must make a distinction between military and other questions. The individual sections of the Reichswehr must, without question, be combined under a central leadership. The question of military power is a fundamental question. Is it in fact the case, as has been maintained, that too great a strain was put on the conception of the force of an order? We may ignore the case of the *Völkischer Beobachter*, although there can be no doubt that this journal, in describing General von Seeckt as unnational, was writing in a grossly provocative manner. But apart from that individual case, I take the view that a military order, when given, must be obeyed. It may indeed be the view of the recipient of the order that he cannot

carry it out, but in that event he must resign his post. In the meantime affairs in Bavaria entered upon a new development. Such a collapse of character and personality there took place as no one would have believed to be possible. And what is the political conclusion that is to be drawn from these events? The Government is often called upon for "deeds"; well, in Munich you had the "men of deeds". What is to be thought of politics if they are to be carried on by such men? It is for the legal authorities of the Reich to consider what is to be done with the persons concerned in the events of November 9th.

How did the whole situation arise in Bavaria? Three Governments were there in existence: the Commissioner-General, the constitutional Government, and the National Associations. There were many who maintained that the Parties were dead and that the Government must rely on the national sources of strength in the State. It is true that the Parties are not the only sources of strength; there are other strong forces in the popular life that exercise their influence outside the Parties. But what makes these activities, such as those of the already mentioned Associations, so unsatisfactory is the one fact that they disclose no sources of spiritual strength. All that is observable is purely material, together with the alleged unique symbolization of the national idea in the National Associations. If these were to be the sole foundations of government, such a dictatorship would be the most subservient Government that could be imagined. You would have a dictatorship exercised by certain prominent business men, and by the National Associations, and the policy of the Government would be shaped according to what the Associations might conceive to be national policy. Can it be supposed that by these methods a reasonable policy is possible? And has there ever been a constitutional Government that paid no attention to economic affairs?

I reject the proceedings of many sections of the Land Union. It is being constantly hinted in this quarter that a relation of confidence between agriculture and the Government is indispensable in the interests of the food supplies of the people. Certainly, I am of the opinion that, under all circumstances, it is the duty and responsibility of agriculture to provide for the essential needs of the German people. But if the Land Union makes this dependent on the political character of the Government, that is to set a very bad example to officials and workmen. For the same demand can be

made from the Left; the printers of Notes may insist that the Minister of Trade and Commerce shall be a Communist if they are to print Notes for the Reich. After all, those who are designated as producers are not the only people who produce; the spiritual workers, labouring at the reconstruction of the Fatherland, are producers too.

On this account I utter a warning against the course that those would pursue who rely exclusively on economic sources of strength, and as touching the National Associations, the *Münchener Neuesten Nachrichten* made a very happy allusion to the policy of Freiherr von Stein of a century ago. It is quite natural that Youth should be in a ferment, but it is also obvious that Youth cannot be entrusted with the destiny of the State. That has to be left to a responsible Government. The right course is taken by that Government which, by sensible methods, educates the people in the national idea, is not disquieted when enthusiasm sometimes overflows, but is not thereby moved from its course and does what it considers to be necessary. If the government was merely handed over to economic organisations, and the Parties ignored, that would ultimately mean the extinction of idealism in national life, with the result that all spiritual considerations would be put on one side and only the material allowed to be reckoned valid. And that would be the end. For the revival must come, not from material, but from spiritual sources.

In the German Reichstag, a Cabinet depending on a parliamentary majority is not to be secured in advance by any combination. The present Cabinet certainly has no such majority. It must seek a majority, and if it fails to find one the question will then become acute: Is the Reichstag to be dissolved, or is a Directory to be established, which will ignore the Parties and depend on the support of economic interests? I utter a warning against this solution, not on personal grounds, as I myself should welcome the moment that frees me from the burden of office. But if I am to remain in office, and carry on with my policy, I can only do so if no difficulties are made for me in the Parliamentary Group. Any departure from the present constitutional Government policy would be fatal, both from the point of view of home and foreign affairs. If a dictatorship were to come, we should no longer be able to bear the further pressure that would be put upon us from abroad.

In the matter of external affairs, we are confronted with many

difficulties. We have had to refuse a continuance of Military Control. We have to face the further troublesome consequences abroad that will be involved by the events in Munich. The return of the Crown Prince is being bitterly attacked, and we are threatened with further sanctions. But I think it better to be exposed to fresh French brutalities than to the reproach that the last German from the World War must still linger in a foreign land far away from his family. These matters will involve us in complications abroad. We shall probably be faced with a demand to surrender the Crown Prince, which of course we shall refuse. None the less, we shall have much difficulty to face in our foreign relations, and the further burden that would result from the creation of a dictator and an unconstitutional Government would be more than we could bear. We must ask ourselves whether we should do right to prepare the way for Poincaré.

We are engaged in negotiations regarding foreign credits; and these negotiations can only lead to success if Germany keeps herself free from inner crises. This demand will be made by all foreign financial circles, because they take the view that our economic health can only be restored by steady and peaceful political development. It is our task to provide for this. The Government will create the conditions that will admit of increased payments and increased production.

The question of the working-day will be more or less settled as contemplated in the Law on that subject. That nothing is achieved on such a matter by dictation was made clear by our experiences in the Ruhr. The reduction in the official machine, the suspension of export control, the conduct of credit negotiations, and all the activities of the Government that cannot have escaped you, will show you that the Cabinet has not been wanting in industry, energy, and initiative. Whether its activity has in all points been a success will not appear until later. One thing is, however, clear. You here in the Central Committee, and you in the Parliamentary Group, have the right to judge whether the way we have travelled was the right way or not. But you cannot ask the leader of your Party to make further sacrifices of his labour, if he has not his own Party behind him.

THE POLICY OF THE "STAB IN THE BACK"

At the meeting of the Central Committee Stresemann was compelled to report the fact that Counsellor of Legation von Lersner, member of the Reichstag, had tried to get an interview with the President of the Reich to inform him of the alleged state of feeling in the Reichswehr. In a letter to Stresemann, Lersner said that the object of his twice-repeated visit to the President's office had been to express his anxiety lest "the breach, upon which I have already commented at the Party Group meeting, between yourself, Herr Reichskanzler, and the most important and largest section of the Reichswehr, as well as the so-called Patriotic Associations, may lead to an explosion". In his capacity as Chairman of the Labour Committee of the German Associations, as well as in his private intercourse, he had become aware of these great dangers.

Under date December 1st Stresemann wrote to Lersner:

I observe from your letter of November 20th that your purpose was to speak to the President about the breach you had noticed between myself and the largest section of the Reichswehr. I also observe that you began by making this statement at the Group meeting, which you hoped would lead to my removal from office, in my absence, and when the explosion did not take place, you decided to bring the matter before the President, also in my absence. I do not think that in the history of Party politics there can be a precedent for such a proceeding. I therefore regret that I must adhere to the comments which I made upon your conduct before the Central Committee.

On December 10th Stresemann wrote to Dr Gildemeister, member of the Reichstag:

If at the Central Committee and in the proceedings subsequent to the meeting on November 18th there was a strong feeling among the voters against certain members of the Reichstag, that feeling arose mainly among the voters themselves. The apprehension that members of the Group have pursued a shameful and underhand policy against me—a policy of stabbing in the back—is not merely current among the electorate of the People's Party, but also in all the Party Groups in the Reich. Anything more unworthy than the intrigues of those who tried to draw Herr von Seeckt and the President into Party politics, and to overthrow a Chancellor who had come from their own Group, has never yet been seen in the Party

history of the German Parliament. Of these intrigues, of the manner in which, during the existence of the Great Coalition, negotiations were carried on with the German Nationals in the Reichstag, of the whispered statements to the Press that I had only three members in the Group who gave me their support—of all this, Herr Dr Gildemeister, you say no word in your letter, and I have not been able to find any explanations of these proceedings in anything else that you have written.

FOREIGN CREDITS

The foreign credits in question were connected with negotiations that were then pending between the German Government and an Anglo-American group regarding a currency and food-stuffs credit. The foreign financiers suggested a sum of one milliard gold marks, but a condition was made of the stabilization of political affairs in Germany. It was suggested that a guarantee should be given by all the Landowners' Associations in Germany. The most prominent figures were certain magnates such as Princes Ysenburg, Hohenlohe, and Hatzfeld. The representative of the foreign Consortium wrote to Prince Ysenburg:

"I have the honour to inform your Highness, with reference to the negotiations between us regarding the provision of a credit for the import of food-stuffs, that the Financial Group which I represent would, in the event, be prepared to guarantee to the present German Government a further credit of at least one milliard gold marks for the purpose of restoring the gold currency. May I ask you to convey this information to the Chancellor, so that the matter may be further negotiated."

The following communication was addressed to this gentleman:

With reference to the various interviews that I have had with you regarding the provision of food-stuffs credits I confirm my statement that, when the terms are settled, after the expiration of the interval laid down for the repayment of the loan, I will see to it that the necessary foreign exchange is available to cover the credit in question.

Note by Stresemann:

20th December 1923

The negotiations regarding foreign credits were brought to my notice through Herr Marangos, who introduced himself as repre-

senting certain foreign capitalists, and more especially Herr Zaharoff in London. Herr M. first negotiated regarding the form these credits should take with Prince Salvator Viktor von Ysenburg, and subsequently with his brother Prince von Ysenburg-Birstein. At these negotiations Herr Dr Mittelmann was on various occasions present.

The negotiations with Prince Ysenburg-Birstein were conducted in his capacity as Chairman of the Landowners' Association, as Herr M. wanted the credits secured on the basis of a mortgage on German landed property, more or less as the Rentenmark has been secured. As I was anxious to be officially informed of what passed I asked these gentlemen to give me an official report of the negotiations. In November Prince Ysenburg-Birstein, in his capacity as President of the German Landowners' Association, called upon me, together with his agent Exzellenz Boden. I received these gentlemen in the company of the Minister of Finance, Dr Luther. They informed me that, in conjunction with foreign capitalists, they believed themselves in a position to place at the disposal of the Reich, on the basis above mentioned, a credit of $1\frac{3}{4}$ milliard dollars, and requested the Chancellor to give his views on the matter.

I replied that I would be extraordinarily glad of such a foreign credit, so very much larger than any that had ever been mentioned before, but that I thought it was unwise to negotiate the credit as a whole, as in that event we should certainly be faced with claims from the Entente, and attempts to divert the sum to Allied purposes. I thought it would be desirable to divide it into sections, and to earmark each of them for the vital needs of Germany, so that any claim from elsewhere would be, morally at least, impossible. I proposed to divide the credit thus:

- (a) Food-stuffs Credit.
- (b) Currency Credit.
- (c) Credit for Raw Material.
- (d) Credit for Agriculture.

Dr Luther thought that special provision should be made for a State Credit.

The two gentlemen expressed themselves as in agreement with this mode of procedure, and promised to continue the negotiations.

When I saw Exzellenz von Boden shortly afterwards, I asked whether he had got any information as to Herr M. and more especially Herr Z. Boden accordingly applied to the Midland Bank

and to another bank, and was informed from both sources that Herr Z. was a man of vast wealth.

Later on I had an opportunity of speaking to Herr Direktor Sobernheim of the Commerz and Privat Bank about Herr M. Herr Sobernheim said that he knew Herr M. very well. The man had excellent connections, and was on the best of terms with the great financial forces in other countries.

I then applied to the Foreign Office, and asked Herr Schubert, the Head of the English section, whether Herr Z. was known to him. He interrupted me to say—"Do you mean the so-called richest man in the world?" I said that I had heard the man so described.

The Foreign Office sent me a report on Herr Z., which was inconsistent in so far as it represented him as a Francophil. This could hardly be the case, since it was also stated in the report that in the conflict between Greece and Turkey he had induced Lloyd George to take the side of Greece, which was tantamount to a hostile attitude to France, since France was at that moment supporting Turkey. It was also stated that Herr Z. had vast financial connections.

The day before yesterday, upon the occasion of a dinner party at the American Embassy, I had an opportunity of asking Lord D'Abernon about Herr Z. He told me that he knew him very well. He was generally reputed to be a man of enormous wealth, but was believed to have had considerable losses of late. He had acquired his fortune in the armament trade, and had supplied arms to all parties. Lord D'Abernon knew nothing more about Herr Z.'s political activity.

Regarding this conversation D'Abernon notes in his diaries, under date December 19th:

"Yesterday evening I met Stresemann at dinner at the American Embassy. He wanted to know who Sir Basil Zaharoff was. He had heard that Zaharoff was a bitter opponent of Stinnes, and was endeavouring to thwart him in all his undertakings. Zaharoff was a very large shareholder in the Baden Aniline Works, and in a large number of other German companies. He would give me further details of the feud later.

I told him what I knew of Zaharoff, saying he was the modern Monte Christo, and was, or had been, fabulously rich. Everything he touched had turned to pure gold.

The story which Stresemann had heard, that he exercised great influence over Lloyd George, I thought mythical. During the

War he had influence over Venizelos and undoubtedly enabled Greece to do many things which she could not have done without his assistance."

Note by Stresemann:

Dec. 20th, 1923

I rang up Prince Salvator Viktor von Ysenburg, and told him that the negotiations with Herr M. must be brought to a conclusion. An agitation was observable in various quarters tending to suggest that the affair was not serious. The representative of the House of Mendelssohn, Herr Mannheimer, had expressed himself in this sense to the Finance Minister Dr Luther. And von Kardorff, a member of the Reichstag, had been saying the same sort of thing.

Prince Ysenburg told me that he was meeting Herr M. that very day, and would give me the decision in the course of the morning. M. had, he knew, full powers from the Midland Bank, the largest English bank, empowering him to negotiate a credit up to 1½ milliard gold marks.

The negotiations failed in January 1924.

STRESEMANN'S FALL

His Last Speech as Chancellor

The Deputies Hergt and Wels have expressed their surprise that the Chancellor did not himself open this debate, and have in some measure concluded from that fact the Government, in not making a statement, but taking part in a political discussion, had an intention of evading a question of confidence, which is the fundamental condition of the survival of a Government. As regards the right of Parliament to bestow a vote of confidence, or of want of confidence, there is no distinction between a political discussion and a statement by the Government. The Government does not avoid this decision—we welcome it. We have to-day expressed the desire that this decision should be taken as soon as possible so that Parliament and the Government should be confronted with a clear situation.

Herr Hergt said in the course of his strictures that the foreign policy of the Government had been a consistent failure. Later on he dealt with the diplomatic situation and found a few encouraging

factors here and there. But he has used two methods in his criticism. The situation at home is, so he says—and here I entirely agree with him—depressing, and I must candidly admit that at present I see no way to relieve it. But when Herr Hertg concludes that a Government must suffer itself to be judged by results, irrespective of whether it was in a position to control the issues, it is at least inconsistent in so far as on the one side you draw this conclusion from the situation at home, and express your want of confidence in the Government on that account, while on the other side, admitting as you do that the diplomatic situation has improved, you insist that the Government can claim no credit for this. The same test must surely be applied in both cases.

I may perhaps permit myself to describe the situation that arose after the abandonment of passive resistance was complete. When passive resistance was given up, we assumed that negotiations would take place between the two Governments regarding the resumption of trade and industry in the occupied area. I may indeed remark that we had a right to assume this; it was expressly and officially stated that the negotiations between the two Governments on all these questions were to begin twenty-four hours after the abandonment of passive resistance. . . .

We had at first to fight for what we conceived to be implied by the surrender of passive resistance. We made it clear that the decrees were withdrawn. Again and again we have proclaimed that we were ready to negotiate; and we claimed to be heard at these negotiations. But as our efforts were, and still are, fruitless, and no progress was made, we had to adopt the course of instructing certain sections of the population on the spot to conduct the negotiations that we were no longer in a position to deal with directly. This was the beginning of the negotiations which Herr Wels discussed yesterday; he criticized them very freely and many of his criticisms were erroneous. These are the negotiations that are proceeding between the representatives of trade and industry, and of the French Authorities.

The Government has been blamed for adopting a fundamentally new political attitude on the questions of the Ruhr and the Rhine. May I here be allowed to describe briefly the genesis of the Rhine and the Ruhr questions? When it is said that our attitude is fundamentally new, I may perhaps point out that at a time when there were still Social Democrats in the Cabinet, I expressly stated in a

speech at Hagen that our resources were limited, and were not adequate to combat the risk of famine, the responsibility for which would fall upon France. I may point out that, if it is alleged that we suddenly confronted the population with a decision of the Government, in an interview given to the *Magdeburgische Zeitung* which was reported in the whole German Press, on November 9th of this year, I said:

"Our financial capacity has its limits. In the face of the present situation I must, in all seriousness, and in agreement with the Cabinet, make one thing clear: we are at the end of our strength—in a short time we shall not be able to provide the gigantic sums needed for the millions of unemployed and their dependents. If, as a result of the failure of our strength, famine and anarchy break out in these lands, if an industrious population is compelled to idleness, and the last remnants of our economic life are wrecked, the responsibility for all this must rest on those same French authorities who are endangering the negotiations that have already begun."

There is a direct progression from the speech in Hagen, the statement to the *Magdeburgische Zeitung*, and the last pronouncement in the Reichstag.

On that same November 9th I also touched upon the new situation that had arisen the moment the Rentenmark had been introduced. Too well we remember those days in which the Prussian Government, especially, called attention to the perilous situation in the capital, where, as the result of the insecurity of life caused by the insecurity of the currency, human despair had reached its height. If the transition to a stable currency is not to be a fiction, an illusion, something in the nature of a dream, which will collapse and give birth to a more manifold despair, the Government of this country must be dependent on these financial conditions, and be guided by them primarily in its whole economic and financial policy. The obvious corollary of the creation of the Rentenmark is the balancing of the Budget. We have put the Budget on a gold basis. We must try to balance it; for you cannot have a currency unless the public finances are in a state of equilibrium. . . .

We have been particularly reproached for stating that we could only for a limited time find the money to meet the needs of the occupied area. If in this connection we laid especial stress on the maintenance of the unemployed, we did so to proclaim to the whole world the political responsibility of France. It is not an economic

unemployment that prevails in that district. Conditions in Germany, bad as they are, would see a far smaller number of unemployed on the Rhine and the Ruhr if the resumption of work were not made absolutely impossible by the political dictatorship of the French on the political question. And the necessity of protecting ourselves against this, of making clear the political responsibility, and of explaining—as is in fact the case—that we are at the end of our financial strength, that it is limited in accordance with the figures we have named, if disaster is to be avoided—these are disabilities that exist and can only be removed if we obtain financial assistance from other countries, disabilities that would confront any Government, however constituted.

If, moreover, negotiations have taken place between the Government and the representatives of the occupied area in regard to the representation of the needs of the population, this must not be taken to indicate any intention on the part of the Government of breaking contact with the occupied area. I must go back to the point from which I started. Negotiations have been made impossible for the Government. Are we therefore to let the individual suffer because his Government cannot help him? Are we to leave the individual to his own resources, or shall we not make it possible for certain groups within the occupied area to conduct negotiations as may be feasible on behalf of the population, since we cannot do so ourselves? You will hardly suppose that this renunciation of the authority of the Reich was easy for us! It serves, however, as a flagrant example of how justice has been perverted in the occupied districts to Germany's damage. For what is the occupied territory to-day? It is in fact in the position of a conquered and occupied country, without the rights secured to such countries by international law. Such has been the fate of the Rhine and the Ruhr under the lash of French intrigue and French Imperialism.

The events in Bavaria had very regrettable consequences that reach far into the future. I spoke of the Rhine and the Ruhr. It is very regrettable that such events could take place at a time when the population of those parts was fighting for its bare life, where all sections of the population were contending against separatist movements, and the people were struggling desperately against an oppression that had lasted for several years—struggling, indeed, for the unity of Germany; and that they should then have to look on and watch the conception of a unified Germany destroyed by re-

volts and riots, and dismemberment of the German body politic. The *Kölnische Volkszeitung* wrote: "From the depths of our misery on the Rhine, we send to Bavaria and to Saxony a warning and an appeal: Control your anger. In so far as you weaken the structure of the Reich, you destroy our confidence here. Bavaria is digging the grave into which the western provinces may well sink." Such is an opinion from the occupied area that represents, I believe, the views of all Parties in the occupied districts regarding these events.

It was a member of the old army, General von Hurt, who wrote in the *Münchener Neueste Nachrichten*: "The events in Munich were a political adventure and an unpardonable folly"; and a man like Tim Klein found the right words to describe them:

Ihr habt bei Nacht und Nebel gekriegt,
Und euer Feind er lagt besiegt;
Doch als Ihr die Leiche bei Licht erkannt,
War es das eigene Vaterland.¹

If it urged that the Government took no steps to deal with the situation, I must allow myself to point out that but for the decisions taken by the Government on the evening of November 8th, these events would probably not have been confined to Munich. There were many hearths on which other such fires might well have been kindled. But when on the morning of the following day they saw the Government proclamation and realized that the appropriate measures had been taken, there were many who reflected whether they should follow those who had gone before. If the conflagration did not spread, that was to a large extent to be ascribed to the action taken by us here.

More important, however, than any survey of past events is the necessity that Bavaria should revert to a constitutional position. It has been alleged against the Government that in respect of the demands made by the Chief of the Army Command, they overstrained the situation. In my opinion, the instrument of the Reichswehr breaks down when the authority of the Command is ignored, just as it would also break down if it were to be misused for party-political ends. It has been made what it is by the work of four years, for which we owe a debt of gratitude to those at the head of it. . . .

All that has appeared in the Press regarding negotiations with a certain financier over American wheat credits, etc., was not offici-

¹ "You fought in the night and the mist, and your enemy lay vanquished: but when in the dawn you recognised the corpse, it was your own Fatherland."

ally put before the Government. The reports relate to the offer of foreign financiers, conveyed by the President of the Landowners' Association to the Chancellor, to place at our disposal a currency credit of at least one milliard gold marks, and their request that we should negotiate the proposition. The stipulation contained in the offer that the credit was given to the present German Government is not to be ascribed to the Government. I can only regret that the slow progress of the negotiations, which the other side had hoped to conclude by the present Wednesday, was due to the fact that I could not of course give the repeatedly required assurance as to the stability of the Government. I am still in negotiations with the same group regarding credits for food-stuffs, and I am also in negotiations over credits for industrial raw material. It goes naturally without saying that in the case of a fall of a Cabinet, it is the duty of every member of a Cabinet engaged in such negotiations to do his utmost to ensure—I regard this as a matter of course—that the offers shall hold good for the succeeding Government. At the present moment the situation is as I have described it: and such are the circumstances that have made it impossible to carry matters any further.

The Great Coalition was not an end in itself, but it was more than a merely tactical manœuvre. I regretted its termination—and in this I find myself in agreement with Herr von Kahr, who, when forming his new Government in Bavaria, said that he was sorry he had not been able to induce the Social Democrats to co-operate with him—but I am not of opinion that a conjunction of these forces is equally feasible and effective everywhere and in all Parliaments. However, the idea should not be abandoned, if the forces are regrouped, whether the individual remains in the Government or retires once more to the ranks of Parliament.

When the party-political struggle shows its uglier side—and who of us has not experienced it?—I trust you will all be clear on one point: in the final resort, the fate of Parties is decided not by the questions of the day and its passing, if pressing, needs, but, in the long run, by ideas; and that is true of all Parties. Socialism never would have grown so great in Germany, if the sated bourgeoisie of the times of peace had confronted the socialistic idea with another great idea as such. To-day, born of our distresses, there has arisen another all-embracing idea—the idea of national self-determination. The task of the present is not to allow it to become the

centre-point of any particular Party's programme, but to let it permeate all Parties.

I have an entire understanding of the attitude of our German youth. I was thinking of them above all when I said that the national humiliations are the best foundations for our experience. For that reason I can never really join in condemning those who are led astray; I recognize the exuberance of youth for what it is. But I do not understand it in anyone who is responsible for the leadership of youth. It is his duty, when he realizes that the cup is overflowing, to take care that the State suffers no damage. General Hurt, whom I have already mentioned, observed that whoever wanted to be leader of our youth must train it to discipline and order. This is not done in sounding phrases, but by example. Such was the tradition of the old army. I fancy that this example has been often wanting, that an impossible policy has been often represented as possible, and Statesmen, who can only achieve the possible, have been held up as cowardly and insufficiently national. . . .

To-day, the situation is such that I must say quite plainly that what confronts us is rather a parliamentary than a Cabinet crisis; for the replacement of one Cabinet by another presumes that the Cabinet whom all can trust, about which we have read so much in the papers during the past month, is available. You, gentlemen, have the right, the duty, and the responsibility, of giving your verdict. You have the right, the duty, and the responsibility of defining your attitude, and I asked the President of this house on Tuesday, and I ask him again to-day, not to put off the decision any longer; for nothing does more harm than a position that rests on insecure foundations.

We undertook the conduct of affairs from a sense of responsibility to the country; and it is our duty to explain our views to this House. I have laid them before you without any concealment or embellishment, and without any desire to call forth applause. In the last resort there is one thing that decides for all of us—our conscience; and we are convinced that we have in some measure done our duty to the people and the Reich.

The decision came on November 23rd. The question of a dissolution of the Reichstag had been much discussed by the general public; but Stresemann had not obtained the President's sanction for a dissolution.

Against the Cabinet three motions of want of confidence had been brought forward. Since Stresemann, as he had expressed himself in conversation, refused to rule "on the back-stairs of such rejected votes", the meeting of the Reichstag on November 23rd opened with the following statement by Stresemann:

The motion brought against the Government by Müller-Franken and his supporters expresses a vote of want of confidence that is, in each case, inspired by the attitude of the Government on individual political questions. It would, therefore, be possible, by the exercise of parliamentary tactics, to secure the rejection of such motions on quite distinct grounds. The Government, however, does not propose to carry on the business of the country on a basis of a decision resulting from that kind of parliamentary arithmetic. I want a clear and unambiguous decision on the fact whether the Government possesses the confidence of Parliament or not. I therefore appeal to the Groups who are nearest to the Government to induce a clear decision by proposing a vote of confidence.

At the conclusion of the Chancellor's statement the deputies Marx, Erkelenz, and Dr Scholz, moved, on behalf of their respective Groups, that the House should decide whether the Government possessed the confidence of the House.

The Social Democratic Deputy, Müller-Franken, then replied to the Chancellor:

"I should like to say, with reference to what fell from the Chancellor, that it was no part of our purpose to establish a situation of uncertainty by the application of the political arithmetic to which he referred. Our Group considers it necessary to state on what grounds they have brought forward their motion of want of confidence, in order to avoid being brought into line with Parties which expressed their distrust of the Government on quite other grounds."

Whereupon Stresemann again rose and said:

Nothing was further from my mind than to reproach the Social Democratic Party. I must, however, point out that it had been falsely suggested in the Press that the Government was disposed to play off one Group against another, and thus maintain itself in being. It was against this insinuation that my words were directed, not against the indisputable right of a Party Group to bring forward a reasoned motion of want of confidence.

The debate lasted until late in the afternoon. Towards the end of it, about 7 o'clock, the President of the Reichstag had to fix 7.30 as the time at which the House should divide, as Stresemann himself as well as several members of his Cabinet and a large number of members of Parliament were due to attend a memorial service for the late President of the Reichsbank, Havenstein.

The vote on the motion of confidence gave the following results: 156 in favour, 231 against; 7 members of the Reichstag abstained from voting; 1 vote was invalid.

After the vote Stresemann held a short consultation with his colleagues, in the course of which he visited the President of the Reich to offer his resignation.

(From Stresemann's diary: "Nov. 23rd. Resignation. 'Your reasons for turning out the Chancellor will be forgotten in 6 weeks, but you will see the consequences of your folly for the next 10 years' (Ebert).")

This remark of Ebert to the leaders of his Party was reported to Stresemann from Social Democratic sources.

Address to the German and foreign Press. Heard in the corridor: "I suppose he's going to ask the Press why he's been turned out—Parliament doesn't know".

STRESEMANN ON HIS FALL

Stresemann to the representatives of the foreign Press:

I myself pressed for a decision, raised the question of confidence, and asked for a vote of confidence, although I knew it would be rejected.

I did it for two reasons. In the first place I had the impression that my parliamentary majority would not have lasted out for the important international negotiations and decisions of the next few weeks. There was a risk that I should not find myself sufficiently supported, the risk that negotiations might be nullified. For that reason alone I had to have the situation cleared up.

On the other side the parliamentary system in Germany is still quite young and has almost no tradition. *It is the first time in the history of the German Republic that a Government has fallen in open fight.* All the other Governments retired after tedious negotiations with other Parliamentary Groups. Their fate was decided in negotiation with the Groups and the Party leaders. This Parliament

has never borne the responsibility for a Cabinet crisis. It always believed that the responsibility lay entirely with the President of the Reich, since the task of finding and appointing a new Chancellor lay with the President. It was time that Parliament realized that it must itself bear the responsibility of turning out a Government at a very difficult juncture on trifling party-political grounds. On the Right and the Left there are illegal forces at work trying to compel the Government into illegal courses. You know that as well as I do. And the work of those illegal forces would certainly have been made much easier if they had had to deal with a Government possessing insufficient parliamentary support. The approaching debate on the bill for extending hours of work would have meant a fresh crisis for my Government.

Four years is a long period for a legislature. Acute differences have developed in all quarters, personal disagreements have grown more intense, and marked cleavages have appeared in all the Party Groups in the Reichstag. How can one negotiate with the leaders of Parties when it is doubtful whether they have the support of their Parliamentary Groups? To-day every Group has a right and left wing. Differences of opinion have intensified within the individual groups, sharp cleavages have appeared in the Social Democratic and Democratic Parties, as well as in my own Party. If we get a new Parliament, there will perhaps be again a possibility of working with the Social Democrats, and I consider their co-operation indispensable.

We live in a feverish situation; but when you send reports of it home do not forget the reasons for this. Misery drives men to extremes, and the policy that in my speech of yesterday I called the policy of national humiliations drives a great part of our people, and especially the younger men, into the arms of the Right. Let me relate you one episode; a few days ago in a Berlin theatre the audience burst into a spontaneous applause merely because the orchestra began to play an old military march—not a German march either, but an Austrian one, the Radetzky march. Do not think that this meant a demonstration in favour of a war of revenge—not a bit of it. But the army and all that goes with it has been in the tradition of the German people for a hundred years, and it would betray a very poor knowledge of men to believe that such a tradition could be uprooted when a people is bidden by the terms of a treaty to give up compulsory military service.

I know the Crown Prince very well. I will not remind you that since the War he has become a man of middle age, a man that well knows the burden of responsibility; nor will I remind you that at the Battle of the Marne he begged his father to make peace. I will not speak of the part he played during the War. I will merely say that the world can hardly have a more distorted picture of any man in his position than of him. I will answer for him. History teaches us never to judge a future Ruler by his life as heir to the throne. What sort of picture would the world have had of Edward VII if he had died as Prince of Wales? And what a difference there was between King Frederick the Great and the Crown Prince Frederick! The flute-player and dandy showed the stuff he was made of when the moment came for him to assume responsibility. I tell you once more, I know the Crown Prince, and I know that his presence will be an obstacle rather than a furtherance to the efforts of the Radicals of the Right. And the Entente sent us a Note about this man's return which must bring a blush of shame to the face of every German. It asks us how we can permit a German to go back home to his wife and children. To this we must reply that the matter is our own affair and concerns no one but ourselves.

And the tone in which other nations think fit to address us! It is that policy of national humiliation that until now has defeated the efforts of every democratic German Government, which was ready and willing to negotiate on a friendly basis. If Germany's existence is necessary for Europe, and if the existence of Europe is necessary for the world, some other atmosphere than this must be created.

A FAREWELL MESSAGE FROM THE CENTRE

Nov. 24th, 1923

MY DEAR CHANCELLOR

I feel compelled, in the name of the Parliamentary Group of the Centre, to offer you heartiest thanks for all the self-sacrificing labour you have undergone in the last few months in the interests of the German people. With true patriotism and unselfishness you have set aside all considerations of your personal health in the faithful and unwearied performance of your duty, in which you have never failed.

I am instructed by my colleagues to say that they urgently and unanimously hope that you will again place your great abilities at the service of the Government, in so far as it is understood that you

are willing to become Foreign Minister in the new Cabinet. I should like earnestly to support this request. Herr ten Hompel wishes it to be known that the suggestion of thus approaching you came from his side. (Sgd.) MARX

Stresemann to Marx:

28th November 1923

Accept my sincere thanks for the friendly letter you sent me in connection with my resignation from the Chancellorship. I am very glad to know, from the terms of the resolution adopted by your Group, that my work during my period of office, however little it was in a position to produce immediate results, has at least obtained such candid recognition of the motives that inspired it.

I cannot let this opportunity pass without thanking you for the way in which, during that time, as leader of your Parliamentary Group, you have so often supported me and strengthened me in my work. Your calm, measured, and dispassionate judgment, that went to the bottom of things and tried to reach a just estimate of them, has always meant a great deal to me. I have always had the impression that you started with the idea of being fair to a man in another position; and that you were, in this, quite aloof from party politics, which so easily tempt a man to take distorted views.

When I decided to let Herr Stegerwald know that I would agree in principle to accept the post of Foreign Minister if I were asked to do so by the Party Groups that form the new Government, my decision was essentially influenced by the attitude of your Party and your letter, and I observed with a special pleasure that those among your colleagues who had been very critical on matters of general policy, such as Herr ten Hompel, should desire to see the conduct of Foreign Policy in my hands.

PART III
THE WAY TO A WORLD POLICY

INTRODUCTION

FROM a higher standpoint, the fall of Stresemann was, perhaps, not to be regretted. As Minister for Foreign Affairs Stresemann was for the first time in his element. As Chancellor he had not been able fully to devote himself to foreign policy. He had to depend very largely on his trusted colleagues in the Foreign Ministry, and especially on Freiherr von Maltzan and Karl von Schubert. His Hundred Days were mainly filled with the political struggles within Germany. But even after his task in this regard was fulfilled, it remains questionable whether a man whose health was already shaken could have in the long run combined the tremendous daily labours of the Chancellorship with proper attention to his second office.

Stresemann's Cabinet did not fall, as so many Cabinets have done before and after it, because it undertook too much—because it did not achieve a task that it had promised to achieve; the cause of its fall was the personality of its leader, after Stresemann with his three Cabinets had laid a sound foundation in both home and foreign affairs. And in so doing he had avoided employing the instrument of dictatorship, as had been so often urged upon him. Stresemann himself was too much of a parliamentarian and a statesman not to recognize the danger of a short-circuiting of Parliament. It would have been an easy matter for Stresemann to debate the votes of want of confidence moved by the various Parties one by one, and thus disposed of them; in that way his Cabinet would have been saved, for the Opposition as a whole would never have ranged itself behind a vote of want of confidence brought forward by any individual Party. It was contrary to Stresemann's fundamental view of Parliament to get back into the Chancellor's palace by "the backstairs of rejected confidence votes". The parliamentary leaders and the overthrowers of the Chancellor were soon appalled by their own courage, and began to debate how it would be possible to repair the disaster they had brought about. Two of the bitterest enemies of Stresemann's policy devoted respectful farewell notices to the departing Chancellor. "The struggle that has filled the last few weeks", wrote Count Westarp, "was not directed against the

man whose goodwill and great parliamentary abilities I value, but against the ideas that he represents". And in Hugenberg's polemical organ it was written: "Stresemann the Chancellor goes, but Stresemann the German remains". Stresemann, who was so familiar with the War of Liberation, must have been greatly pleased by an article in the *Baseler Nachrichten*, in which it was said that "His main principle, that no sacrifice was too great to offer for the liberation of the country from foreign shackles, reaches back to the work of Hardenberg and Stein, who, under almost similar conditions, achieved the revival of a Prussia enslaved by Napoleon". That Stresemann should continue to direct foreign policy, all Parties were—whether avowedly or not—agreed; indeed on the very day after his resignation the Centre Party called for the continuance by this means of the policy he had initiated. And it was after no long hesitation that Stresemann responded to the summons of the new Chancellor, Marx.

On assuming his new office, a change took place in Stresemann's outer life. He and his family left the Chancellor's residence, and occupied the villa in the Foreign Ministry garden that looks on to the Friedrich Ebert-Strasse.

But the tasks that awaited the new Head of the Foreign Office soon began to mount up. The first and most important was the most lasting success of his policy as Chancellor. The international experts were called together at the request of the Reparations Commission once more to investigate Germany's economic capacities. By this, the predominance of France in Reparations questions was broken. The meeting took place exactly a week after the fall of the Stresemann Cabinet. His own ideas are to be found in his letter to Dr Freund. The essential matter was the resumption of direct negotiations with Poincaré, and there can be no doubt that this letter was, by the agency of the recipient, intended to play into the hands of the French Premier. Freund, a man of affairs, had, like so many at that time, established a business in Berlin, and was in touch with Social Democratic leaders; he was introduced to Stresemann by Otto Braun. It remains questionable whether he carried out his task with the necessary circumspection, especially as the desired success was not achieved. Later on Stresemann ceased to use the services of this intermediary.

He could take this line, as the way to a world policy, in which Germany was no longer merely an object, lay before him; and he

took it with a sense of confident responsibility. 'The Experts' Plan was the first milestone on this way. When Stresemann was asked whether he regarded this Plan as a suitable basis for the solution of the Reparations question, he answered, supported by the Cabinet's vote, Yes. This happened at a time when a very precarious Government stood at the head of the Reich, which moreover, after the dissolution of the Reichstag, could only be regarded as an interim Cabinet. Thus the Experts' Plan became a watchword of the election. Owing to the fact that it was not clear whether the future Reichstag would follow the Government in this matter, the outcome of the election was to be decisive for Stresemann. The result of the election produced an increase of Radicalism on the Right and on the Left, and no definite decision on Home Affairs. This was postponed until after the London Conference.

In Foreign Affairs, the German Government's affirmative was followed by expressions of agreement from the Allies. But the "basis for a settlement of the Reparations question" was not yet thereby achieved. Some time elapsed before the second milestone on the road was reached—the London Conference in August 1924. This time was filled by inter-Allied quarrels, and on the German side with efforts to secure an improvement of the Plan and a strengthening of the positions that Stresemann and Marx were to hold as German negotiators in August 1924 in London.

But in this period Stresemann the statesman came at last to maturity. He no longer looked back, but only forward. In this he was not so much influenced by the example of Stein, but rather of Bismarck, who was deeply concerned over Olmütz,¹ but pretended to be unruffled.

Stresemann's aim was: Liberation from the burden of foreign occupation. His words, "A milliard more or less does not matter, if what we buy with it is freedom", may well have been in his mind when he set out for London. The Experts' Plan, as such, was accepted on the German side as a "basis". The German task in London was to secure further ameliorations in this regard, and to clear up technical points.

¹ Where, in 1850, Prussia, under the combined pressure of Austria and Russia, was forced to agree to a treaty limiting her efforts towards the unification of Germany. Bismarck, at the time, made a speech in its favour, but it was a turning-point in his career.

In this way the high significance of the London Conference lay not so much in its results in the matter of Reparations politics, as in the fact that for the first time since her defeat Germany sat with equal rights at a conference table. It was like a discord from the old bad days of dictation when the Allied Governments began the negotiations without Germany.

The results of this conference were, and are still to-day, ignored by the political impatience of the German people, which is always bitterly disappointed when its highest expectations are not at once fulfilled. The outstanding success in London was the breach with the methods of the Poincaré policy of force. The repetition of such outrages as the invasion of the Ruhr was now seen to be, was made impossible. If a default on Germany's part was established, sanctions could only be ordained by the Allied Powers in common, after unanimous agreement and in conjunction with the United States. Now that America had once more applied herself to European questions, a new basis for reconstruction and mutual confidence was created. The first sign of reviving confidence was the rapid subscription of the first Dawes loan of 800 millions.

In Germany the word, No, was frequently heard. The chief speaker against the Dawes Plan on the side of the opposition was Dr Karl Helfferich. Scarcely two weeks before his terrible end in the railway accident at Bellinzona, he published the article called "The Second Versailles". But in regard to the still burdensome conditions, it was forgotten that the payments were no longer regarded as penalties, but as the collection of a debt arising out of the War. Furthermore, it was not seen that, on the German side, an important diplomatic victory was won, if only, at first, at the green table. France expressly demanded that the question of the Ruhr evacuation should not be discussed in London. None the less, Stresemann flung this question into the debate, without counting the fact that it was his most powerful enemy that he had to face. One might be tempted to call it undiplomatic on Stresemann's part to have disregarded the French stipulation on the very first day, but he was justified by success.

With the watchword of "A Second Versailles" the Right carried on the contest against the Dawes Report, the London Conference, and its results. None the less, the Helfferich Party helped Stresemann's policy to victory, in so far as at the decisive session of the Reichstag, half the German National Parliamentary Group voted

for the Dawes Laws, for which a two-thirds majority was necessary. In the face of all the agitation, the German Nationals adapted themselves to the necessities of the foreign-political situation. This was made easier for them by the fact that the London Conference did actually represent a lightening of burdens, by the limitation and statement of payments, by the measures taken to safeguard the German currency, and finally by the fact that with the acceptance of the Dawes Report, the third milestone on the way to world policy for Germany was reached: the beginning of the Evacuation of the Ruhr.

I

THE MARX CABINET

ON the morning of November 30th, Dr Marx, Member of the Reichstag and President of the Senate, was entrusted with the formation of the new Cabinet.

The Cabinet met on Sunday, December 2nd, and it was then decided that at the first meeting of the Reichstag, which it was proposed to call on Tuesday, December 4th, an Enabling Act should be brought forward conferring full powers on the Government to take such measures as might be necessary and urgent in view of the distress of the people and the insecurity of the Reich. The validity of this Act was to be limited to a brief period.

On December 3rd the Cabinet dealt with currency questions, and the Reich Currency Commissioner, Dr Schacht (proposed for this post by Stresemann), made a report on the measures he had taken and proposed to take, which were approved.

The Cabinet, which presented itself to the Reichstag under the leadership of the Chancellor, Dr Marx, consisted in the main of the same persons who had belonged to Stresemann's rump Cabinet. The differences were merely as follows: Stresemann finally took over the Foreign Ministry, which had previously been under his authority; Herr Hamm, member of the Reichstag, succeeded Dr Koeth as Minister of Trade and Commerce; the Ministry of Justice, which had not been filled in Stresemann's last Cabinet, was taken over by Herr Emminger, member of the Bavarian People's Party; the Ministry for the Occupied Territories and for Reconstruction were provided for temporarily. In his address on policy the Chancellor said:

"I am especially thankful and grateful that my honoured predecessor, Herr Dr Stresemann, has felt able to take over the post of Foreign Minister in my Cabinet. In this way, the continuity of foreign policy, so essential at this juncture, is secured. I offer him my warmest thanks for his goodwill, and more particularly for his successful activities as head of the last Cabinet, which have brought such advantage to the German people."

The Enabling Act was accepted in the Reichsrat by 45 votes to 9.

On December 5th the Cabinet proceeded with the discussion of the Rhineland question, and it was decided in agreement with the Prussian Cabinet that the settlement of this question could only

be reached within the framework of the constitutions of the Reich and the States.

At a combined meeting of the Reich Cabinet with the Prussian Cabinet, at which means were discussed for dealing with the constantly deteriorating economic situation, especially in the occupied territories, it was decided that unemployment relief should no longer be paid in cases where it could be proved that no use had been made of opportunities of employment.

A LETTER TO COUNT VON BROCKDORFF RANTZAU

1st December 1923

Now that the crisis has concluded in my taking over the office of Foreign Minister at the request of all the Moderate Parliamentary Groups, I propose that my first official act in this capacity shall be to write a reply to your letter.

To begin with, I take it very kindly of Your Excellency to have sent me privately the very important news contained in your letter, though I am indeed sorry it is so little encouraging. It certainly agrees with what I have heard from other quarters regarding the events in Russia, and the *rapprochement* between Russia and France. The unhappy issue of the war in the Ruhr has had just as disastrous political effects for us as the now obvious ruin of our trade and finances. The world cannot but cease to regard Germany as a Great Power since she has lost the Ruhr and the Rhineland, and must look on helplessly while her most valuable provinces are taken from her, taxed, and exploited by other Powers. One could indeed think of quite a different situation—of another European orientation directed against a repetition of the Napoleonic policy of conquest. But we are far from such a possibility. The news from England does indeed agree that it is there generally held that a military decision with France will be almost unavoidable in the future, but it is not considered that the time for such a decision has yet arrived.

What will happen during the years to come, until the situation has changed, no man can foretell. The French militarists have no notion of retiring from the Ruhr; they are determined to obtain control of the railways, and to prevent the establishment of any considerable German manufacturing plant in those parts, their intention being to turn the district into a French arsenal and use it to protect France against any possible attack by Germany. But they

are afraid of us in connection with any sort of understanding between Germany and Russia. For that reason I believe they will do all they can to persuade Moscow into a Franco-Russian *rapprochement*. I have already heard some talk about a possible dismemberment of Germany, and I believe that there is some reason to regard this as the aim of French policy. Czecho-Slovakia is also interested in the question. Hitherto it was always assumed that Poland would play a part in such a policy rather than Russia. But France's friends will always have to contend for her favours in accordance with the vagaries of her policy.

Unfortunately, the situation in Germany itself is so depressing, that, seen from without, especially as presented through skilful Press propaganda such as the French take care shall not be wanting, must give a very gloomy picture, which the events in Munich, and the Communist agitation, do nothing to relieve. The latter was financed with Russian gold, a fact which makes our relations with Soviet Russia very difficult. . . .

I am in general in agreement with your attitude to the Russians. The only thing to do in other countries is to point out that the present state of affairs in Germany is to be looked upon as the phenomenon of a fever, which indeed must make a bad impression; but all this is merely the repercussion of our present deplorable economic position and a situation that may be described as temporary. Every policy of the future must reckon with Germany.

I hope you will not betray in your demeanour any of the embarrassments in which German policy is undoubtedly now involved; I rely on you, in your dealings with the present holders of power, to be not merely a diplomatist, like Tchitcherin, but a German Count, whose determination, energy, and character has placed him in a position to represent his country where a strong personality was never more needed than at present.

Gratitude for what we are doing for our country abroad and at home will not be accorded to us at present, when all that can be seen are the maladies and sufferings of the German body politic. But the future, that judges more justly, will not refuse her thanks to those who remained steady at their posts at this critical time, and sowed the seed for a happier future.

INTERVIEW WITH DE LA FAILLE

Note by Stresemann:

11th December 1923

Count de la Faille (Belgian Ambassador) came to see me, and I took occasion to discuss with him the questions of the Crown Prince's return and of Military Control. The question of the Crown Prince's return he did not seem to regard as of any great importance, but on the subject of Military Control he was extremely insistent. He said he thought we ought to acquiesce in control so as to nullify a great many insinuations that are at present being made against German good faith. If Germany had in fact accumulated no new material of war, and was doing nothing contrary to the Treaty of Versailles, the publication of her good faith would make the best possible impression. I pointed out that it was then impossible to permit a French Control, as the working men, irrespective of their political opinions, would mishandle and probably kill a French Control officer. I also pointed out that from my knowledge of the facts we had less military material than was allowed to us under the Treaty of Versailles, and I mentioned that, after the occupation of the Ruhr, we were not in a position to collect any considerable quantity of munitions in unoccupied Germany. Did he think that twenty-eight large naval guns, for instance, could have been produced, without exciting attention, or without the Communist Party, which is forbidden in Germany and subject to the strongest measures of suppression, finding some means of informing the Entente.

He stated that there was a general apprehension in Belgium that Germany was strongly armed and was accumulating war material against the *next* war. In reply to which I pointed out that it was certainly not to be denied that there was a powerful nationalist feeling in Germany, which was the result of the policy adopted by other countries; and that it would also be foolish to deny that in case of war we should have enough men, but that we should be short of every sort of war material; and that I could not believe that this view could be regarded as the serious view of the Entente.

I then informed him that as a result of our extraordinarily difficult financial position we were no longer able to pay the costs of the

occupation; that the future of our finances gave us great anxiety; indeed, we could only continue to exist by the aid of a foreign loan, although we had gone to the limit of what was possible in the dismissal of officials and the reduction of salaries.

My statement that payments would be suspended did not appear to cause him much agitation.

In conclusion, I mentioned the fact that the Belgian Foreign Minister, Jaspar, had attacked me in a speech for referring to the "vacillations" in Belgian policy, and I observed that the report of this speech had not given the text of my remarks. I had not spoken of the vacillations of Belgian policy, I had merely said that England and France were contending to get Belgium on their respective sides, and that in Belgium the question of the Ruhr was regarded more from the European standpoint than it was in France, where these matters were exclusively considered from the standpoint of French Imperialism.

CABINET RESOLUTIONS REGARDING THE OCCUPIED TERRITORIES

On December 11th the Reich Cabinet discussed the economic position of the Ruhr and the Rhineland. The Director of the Rentenbank expressed misgivings about issuing the Rentenmark in the occupied territories also, so long as the Occupying Administration had not given definite guarantees that it would be allowed to circulate. The question of a Rhenish Gold Note Bank remained open. The issue of stabilized emergency currency was to be expected in a few weeks.

The Government laid down that any alterations in the political status of the occupied territories must only be brought about by constitutional means. They refused to recognize any attempts to accomplish or prepare for any such illegal changes outside the means provided by the Constitution of the Reich. They took the view that any negotiations as to the status of the Rhineland and the Ruhr within the Reich must be carried on between Government and Government without any intermediaries.

HOESCH VISITS POINCARÉ

On December 15th the French Premier received the German Chargé d'Affaires, Counsellor of Embassy von Hoesch. A similar visit was paid in Brussels, the object being to determine the general

willingness of France and Belgium to enter upon diplomatic negotiations with Germany. Poincaré's answer was, indeed, more positive than before, but he said that the Inter-Allied Commission of Control had not been able to resume its visits. So long as this had not been arranged, Germany could not maintain that the Treaty of Versailles had been loyally fulfilled.

TWO INTERNATIONAL COMMISSIONS

On December 16th Stresemann spoke at an evening reception of the Berlin Press Association. In his speech he announced a forthcoming development:

We must reach a *modus vivendi* regarding the Ruhr. Two International Commissions are soon to begin their labours. One of these commissions is to investigate the German capacity to pay. But how is any investigation of this question possible if there is not a previous and complete understanding as to how matters stand on the Rhine and in the Ruhr? Our standpoint, in justice, is completely clear. We have never recognized the legality of the Ruhr invasion and never can nor will recognize it. I repeat once more in this place what I said as Chancellor: Ours is the land, ours is the soil, and ours is the ownership of the State property. Ours is the right to a German administration in a German land. And those who have broken the law must be brought before German courts. We will not allow the public opinion of the world to be diverted from these our just rights. The world forgets so easily and bows down to facts, if we do not raise a protest against the forcible alteration of those facts.

I hope that this Commission will reach well-founded convictions as to the state of German finances. In agreement with the Reich Finance Minister I can announce that we shall lay our books completely open, and that we have no secrets of a financial nature. This Commission may be sure of our support, and so may the second Commission which has been formed and is to deal with the flight of capital abroad. It is often said and is very widely believed that there is a large amount of German property which has been withdrawn from taxation at home, and lies abroad in the form of shares in foreign undertakings or in the form of some sort of deposit abroad. I believe that the ideas commonly held regarding such capital is vastly exaggerated. But if there is such capital—and doubtless

there is some—then, I think, no one would be more grateful for an indication as to how to subject it to international control than the Reich Government and the Finance Minister.

PROTEST TO FRANCE

Note by Stresemann:

Dec. 23rd, 1923

In the course of my conversation with the Ambassador I touched upon the question of the fresh Separatist movements in the Palatinate and spoke more or less as follows.

On behalf of the Bavarian Government a report had been made to me through the Bavarian Minister, Dr von Preger, to the effect that the situation in the Palatinate had become intolerable. Separatist bands, which had no connection with any genuinely popular movement, were terrorizing the population in an unheard-of manner. The expulsions were decided by those bands, and the French authorities carried out their orders. The last officials who were still carrying out their duties were more especially to be ejected; and their property was to be confiscated by the Separatists. A certain Burgomaster had been expelled, his furniture put up to auction, while French sentries stood before the house and superintended the proceedings. Similar news had reached me from members of the Palatinate Chamber. Indignation at these proceedings was unanimous among all Parties, from the German Nationals to the Social Democrats. The leaders of the German People's Party, the strongest Party in the Palatinate, had been almost all expelled and rendered homeless. I avoided going into further detail, but I called attention to a number of papers in my hands describing many similar incidents; and I mentioned the speech made shortly before by the Bavarian Premier, von Knilling, in the Bavarian Diet regarding the situation in the Palatinate.

This domination by the Separatists was only possible through the support of the French authorities. In regard to this movement I made a very definite distinction between those elements in the Palatinate and the Rhineland who desired greater independence for their States within the framework of the German Reich, which these inhabitants had a perfect right to claim by the terms of the constitution—movements, indeed, that were entirely approved by certain sections of the population; and these bands that were now

dominant in the Palatinate. They were men swept up from the refuse of the people, men who could be bought to commit any crime. I could myself buy such ruffians in Berlin, if I gave out that I would pay so much a day for people who would carry out my orders. There could be no question here of any movement based on the popular will.

To my regret I had observed from the reply of the French Government of December 12th, which had only just reached me, that the French Government was of the opinion that the German Government was acting in bad faith, and advancing complaints that could not be substantiated; and that the French Government must refuse to investigate any further such complaints brought by the German authorities.

I called the Ambassador's attention to the fact that a good understanding between France and Germany seemed to me impossible if there was any further support of these bands by French authorities. It was alleged that they would soon sanction the proclamation of an autonomous Palatinate. *Never* would Germany recognize such an act, and the attempts that we had made only recently to reach an understanding with France regarding the occupied territories would be imperilled, as well as the whole mutual relation between the two countries. Both in Bavaria and in the rest of Germany it would be regarded as incomprehensible if Germany did not do her utmost to protect her nationals from such outrages, instead of accepting such a proceeding as a declaration of the independence of the Palatinate by these bands. I felt bound to call the Ambassador's attention to this state of affairs, and at the same time to point out that, in view of the importance of the question, we should inform the other Allied Powers of the view taken by the German Government.

On December 24th Hoesch again raised the matter with Poincaré. He handed the French Premier a memorandum from the German Government regarding a *modus vivendi* in the occupied area, the restoration of the German administration, taxation at a stabilized level, the currency question, Rhine navigation, the continuance of traffic restrictions between the occupied and unoccupied territories. This memorandum was sent to General Degoutte and to the Chairman of the Rhineland Commission, Tirard. Tirard replied that the principles raised on the German side could not be taken into consideration. Degoutte also advised against any concession.

IS THIS PEACE?

From an article by Stresemann on December 25th:

The feast of Christmas and the Christmas-tree has been described as a German invention, *un' invenzione tedesca*. No festival in the course of the year stands so near to the kindly German heart as Christmas. The ancient German joy in light—ours, according to Goethe, is the race that struggles from darkness into light—and longing for peace, find their expression in the Christmas festivities of the German people. This longing for peace is understandable in a people that more than any other is divided by political, sectarian, and spiritual antagonisms, and continually distraught by intellectual and spiritual struggles; lying as it does in the centre of Europe, beset by envious and warlike neighbours, it has so often in the course of history been the battle-ground of the nations, and even in times of profound peace the nightmare of hostile aggression never allowed it to be really joyful.

The latest collection of documents published by the Foreign Ministry clearly show how the greatest German statesman of all time, Prince Bismarck, after his political labours had been crowned by the unification of the German peoples, was, until the end of his life, haunted by the *cauchemar des coalitions*, and suffered from his foreboding of the dangers that threatened his countrymen. His statesmanship, that secured the peace of Europe for half a century, forms a shining testimony to the German love of peace.

Will the world as it is at present lend its ears to the Christmas message of peace? In my late speech before the Berliner Press Association, I asked the question: "Is there peace in Germany?" What we have experienced in the year that lies behind us was the continuation of a war in time of peace against a defenceless and disarmed people. German soil, contrary to the provisions of the Treaty of Versailles, is occupied by foreign troops, German prisoners must spend the Christmas festival far from their families in foreign lands, because they would not be disloyal to their home. A large number of Germans have been driven from their native soil, and these exiles do not know whether they will ever see their home again. We see a foreign administration in a German land, we see German property exploited by others, we see in the occupied territories an oppression of public opinion without example in

history. A consequence of this illegal occupation is an economic and financial distress that is almost beyond endurance. I repeat to-day, on Christmas Eve, the question: "Is this Peace, is this freedom?"

Peace there will not be in Europe so long as the conditions laid down by the Treaty are not restored in the Rhineland and the Ruhr. If the Powers are disposed to do justice to the German people, that people will place all its energies in the service of peace. The possibility of living and working unhampered by the burden of unjust sanctions and oppressions will place Germany in the position to put her finances in order and thereafter to pay Reparations. In an ordered Germany lies the strongest security for France likewise, stronger than any she could achieve by treaty, military convention, or by armament.

Unperturbed by the criticism of their enemies, the German Government will pursue their way and exhaust all opportunities to reach a true and honourable peace. In order to liberate the tormented population on the Rhine and in the Ruhr from their martyrdom, the German Government, and therewith the German people, are prepared to assume burdens up to the limit of their strength. But no German Government will ever be ready to surrender the standpoint of justice in the matter of the occupation of the Rhineland and the Ruhr.

The night is dark about us, and to many a friend of the Fatherland it will seem as though the lights of heaven are for ever extinguished for the German people. But as the stars are not engulfed because they do not shine on a dark night, so also the moral order of the world is not suspended because we must let this injustice now pass over us. We are traversing the dark night towards the dawn, filled with the indefeasible faith that for the German people, too, the day of peace and freedom yet will break.

OUTLOOK FOR THE YEAR 1924

From a New Year's survey by Stresemann in the *Zeit*:

The New Year will confront us with new and difficult decisions as affecting foreign affairs. So far as there is any hope of solving the problem of the Ruhr, which for Germany is a question of life and death, such a solution seems only possible in conjunction with the great problem of Reparations.

From a German point of view we can only be glad that international Commissions should once more conduct investigations into Germany's capacity to pay. We have nothing to conceal. The accusations that were formerly brought against us, that we had consciously worked for the bankruptcy of German finances, can now no longer be maintained. The consequences of Germany's economic collapse are too clear for all to see. In place of the apparent prosperity of German trade and commerce, which foreign nations insisted on regarding as a real and solid prosperity, the poverty of Germany has now emerged and is obvious to anyone who does not deliberately confine his vision to one section of German life.

It is clear that in this situation we cannot undertake payments to other countries. It is further clear that we need an international loan that will provide us with the means of supplying our daily needs, of stabilizing our currency, of importing the necessary raw material for our industry, and thus to lay the foundation for a future and genuine economic prosperity, which alone can bear the burden of German payments in the future. Anyone who wishes to secure payments from Germany in time to come, and is anxious to reckon them in the national budget, must clearly understand that he must first provide Germany with the possibility of making these payments. For that purpose is needed a time of peaceful development, of security of frontiers, of restoration of German sovereignty—in brief, the application of the rights laid down in the Treaty of Versailles on behalf of Germany, and their recognition by the Powers that signed the Treaty. Germany's obligations have been emphasized—and Germany has never evaded these obligations—and Germany's rights ought not to be ignored. Germany without the Ruhr and the Rhineland would involve the perpetuation of economic impotence, it would be the disavowal of the principles underlying the Treaty of Versailles, and an enduring legacy of unrest to Europe. Not merely Germany, but Europe and the World need quiet and peace for their development.

Even the international conferences, which expect to begin their work in the first months of the New Year, can only provide a preparation for the comprehensive discussion of Reparations which must be carried to a settlement. The statesmen of many States are troubled by the economic problems that have resulted from the Treaty of Versailles. Unemployment and financial stress are not phenomena confined to the economic life of Germany. The effort

to find a solution leads from one international conference to another. From the beginning of the Great War it was nearly five years until the nations who took part in it succeeded in making a formal peace. We may hope, under a kindly Providence, that, at least in five years after the formal peace, we may draw near to the real peace that is so sorely needed not merely by Germany but by the world.

MILLERAND'S NEW YEAR SPEECH

At the reception of the Diplomatic Corps Millerand made a speech in which the following passage occurred: "The persistence and continuity of our policy, which we have pursued with *inflexible moderation*, has at last borne fruit. It seems permissible to greet the dawn of reconciliation and of definitive peace. France, whose genius is so far removed from hatred and strife, longs with her whole soul for the dawn; and she hopes that no new incidents will delay it." The "new incidents" of which Millerand spoke were facts. On October 30th and on November 14th and 15th, 1923, members of the Reichswehr seized and threatened certain officers belonging to the Military Control Commission, the English Major Hennessy, the Belgian Lieutenant Reepper, and the French Quartermaster Clément. The Foreign Ministry offered the usual diplomatic apologies for these incidents. The Ambassadors' Conference called for the punishment of those responsible, but the demand was withdrawn through the mediation of the Italian Ambassador in Berlin, Count Bosdari.

THE FOREIGN POLITICAL SITUATION

Stresemann's speech to the Foreign Press on January 19th illuminated the whole situation:

The whole world is watching the labours of the Committees of Experts set up by the Reparations Commission, who are called upon to find a solution of the Reparations question which has been so heavy a burden upon Europe since the end of the War. For Germany it is a matter of decisive importance whether the Committees succeed in finding a solution. It is hardly necessary to say that the German Government, on its part, will do everything possible to facilitate the labours of the Committees. We should be especially glad if the members would come personally to Berlin and there form a judgment on the spot regarding Germany's situation and

the causes of her distress. And we hope that we shall succeed without delay in putting the Committees' proposals into practice.

The fulfilment of this task that lies upon the Governments concerned would be effectively furthered if the exchange of opinions with Paris and Brussels could reach some result. As to this, up to date, there is little that can be said at the moment, as it is merely in its first stage and we have agreed not to publish the text of the memoranda that have lately passed between us. But I am betraying no secret when I say that the French and Belgian replies to certain technical points raised by us have produced a good deal of disappointment. At the same time we hold fast to the hope that the continuance of the discussion at present in progress may yet lead to a result. Many of you will perhaps regard this hope with some scepticism having regard to the French Premier's latest utterance. Why does he bring charges against Germany which he must himself admit are very easy to refute?

It is incomprehensible to me that we should be charged with having made efforts to win back our influence in the occupied territories. Such is naturally our purpose—and it is a purpose of which the legitimacy is indisputable. To try to prevent this, or to represent it as a kind of treachery, is incompatible with the repeated assurances of French neutrality on all internal German questions. If the French Premier asserts that France has done nothing to break down the unity of the Reich, and more especially that complete liberty has been left more especially to the population of the Palatinate, the facts unfortunately tell a different story. The policy adopted by General de Metz has delivered up the profoundly German population of the Palatinate to robber bands of Separatists whose outrages are a scandal to European civilization. The results of the Inter-Allied enquiries, to which the French Premier referred in his speech in the Chamber yesterday, must by now be before him. I need not therefore trouble to describe the mass of proof that in every instance supports the German case. To one point only I should like to draw your attention—more particularly as the French Premier in his speech of yesterday contended that the proceedings of the Separatists in the Palatinate were supported by the peasantry.

The Palatinate Peasants' Union and the Free Peasants' Association in their candid statements to Mr. Clive, the English Consul-General, made it perfectly clear that they rejected Separatism.

At the last general meeting of the Association it was unanimously resolved that neither members of the Committee nor any other members should take part in the Separatist movement. Only yesterday did the president of the three Palatinate District Peasant Councils declare in unmistakeable terms against Separatism, and expressed the opinion that, in the face of the united front of the peasantry, the oppression of a few communes into so-called "declarations of loyalty" would be without significance. There can thus be no question of any support for Separatist movements by the peasantry of the Palatinate.

The Reich and Bavaria look in grateful admiration to the population of the Palatinate, who, at their lonely outpost, are keeping faith to the Reich under the most difficult conditions. It has been observed with satisfaction in Germany that a number of prominent Press representatives have undertaken journeys of investigation in the various provinces. The valuable first-hand reports of impartial foreign observers have already served to direct the attention of the world to the intolerable conditions in those areas, and to awaken sympathy for the terrible sufferings of the tormented population. So far as foreign journalists have an opportunity of getting into touch with their professional colleagues in the Palatinate they will be able to realize how bitterly the Press itself has had to suffer under the appalling moral oppression and daily menaces of the Separatists.

In conclusion, perhaps I may say a few words on certain individual points which the French Premier mentioned in his speech. He maintains that Germany has arranged deliveries in kind to a number of Allied States solely for the purpose of securing the markets for herself. This contention is incompatible with the fact that, in accordance with the procedure laid down in the well-known Wiesbaden agreements, the initiative in connection with such deliveries lies exclusively with the Allies, who have to decide what shall be delivered. Germany has no influence on the choice of the deliveries. France could have made use of the Wiesbaden procedure just as well as the other Allies. During the year 1922 France could have received deliveries in kind up to a value of roughly 950 million gold marks. In point of fact France claimed only a small fraction of what she might have had, for the very reason that French Industry was afraid of the German competition that might ensue upon any considerable deliveries of this sort.

The French Premier's speech asserts as the centre-point of French policy against Germany the fact that Germany would never have been induced to make any Reparations payments at all had not France seized the Rhine and the Ruhr and held them in pledge, and that the other guarantees offered by Germany should serve not to redeem but strengthen the original pledge. The contrary is the case. So long as the economic unity of Germany is not restored there is no possibility of any payment of Reparations. And there I come back to the fundamental principle of German policy, which can be no other than to maintain German sovereignty undiminished within the frontiers laid down by the Treaty of Versailles. If this principle were abandoned, the consequence would be not merely the further ruin of Germany, but inevitably, too, a serious dislocation of French economic life, the first alarming signs of which have stirred French public opinion in the last few weeks.

THE INTERNAL SITUATION

The internal situation was, to begin with, quiet. But coming events threw their shadow before. The Marx Cabinet, a Minority Cabinet, ruled by virtue of the Enabling Act of December 1923. The storms of the last few months, before and after Stresemann's fall as Chancellor, had affected all Parties and Groups. In Stresemann's Party there had been dissensions that ended in a kind of compromise, and on January 12th the Parliamentary Group, in the presence of Stresemann, adopted a resolution that was of especial importance for the development and attitude of the Party:

"The aim of German internal policy must be the welfare of the community. It implies the adjustment of political and social oppositions and the concentration of all forces for the attainment of external freedom as well as internal order and justice. Fundamentally, therefore, it means the same as national unity. The so-called Great Coalition was not the attainment of that purpose, but it was a stage on the way to achieve it. The tactical alliance with the Social Democrats was approved in principle by the Parliamentary Group in the Heidelberg pronouncement of September 1921. On August 12th, 1923, the Great Coalition accordingly became the foundation of a Stresemann Cabinet. It was broken up on November 7th, 1923, after the Social Democrats had introduced a motion of want of confidence against the Stresemann Cabinet because they opposed the measures taken to restore order and to provide for the economic recovery of the Reich. . . .

"After the Great Coalition had been destroyed by the policy of

the Social Democrats the Parliamentary Group of the German People's Party were confronted with the task of forming a Moderate Coalition that might have some prospect of survival. The German People's Party was called upon to constitute a focus for all the moderate constitutional forces in the State, but it regarded this line of development as merely a stage on the way to the achievement of a real community, just as the Great Coalition had been but another way to the same end. A concentration of the moderate forces in the State implied the absolute recognition of the principle that alterations of the present constitution of the Reich are only possible by constitutional means; it demands the pledge of a positive co-operation with the State as well as the abandonment of every merely negative destructive criticism and of that kind of agitation that excludes the idea of the community as a whole."

THE EXPERTS IN BERLIN

At a Council of Ministers, at which the Prussian Premier was present, Dr Schacht reported on his visit to Paris.

The first Experts' Committee in Paris, at the meeting of which on January 21st Schacht had been present, resolved to issue a statement that a German Gold Bank must be established. This bank should be entrusted with a part of the metal money reserve and the foreign bills which remain in the hands of German nationals without being made to serve any economic purpose. Foreign capital is to co-operate in the foundation of this bank. The Committee of Experts took the view that the creation of a bank of this kind was an essential element in the whole plan that aimed at balancing the future budget and the stabilizing German currency.

The Members of the first Committee met on January 26th in Berlin. They were received by the Chancellor in the presence of Stresemann, the Finance Minister, Dr Luther, and the Minister of Trade and Commerce, Herr Hamm. Stresemann welcomed the Committee in a speech in the course of which he promised "the greatest expedition and absolute frankness" in dealing with all their questions and wishes.

The Commission held their first private meeting on January 30th. The following *communiqué* was issued:

"The first Committee of Experts met this morning at 11 o'clock. It was decided to request the Chancellor to put the Committee in touch with those persons whose official duty it is to provide information on the technical subjects with which the Committee has to deal. The Committee is desirous of carrying out its investigations in Berlin with all possible speed."

On the evening of the 30th the members of the second Com-

mittee (on the "Flight of Capital") reached Berlin. They were received on the following day by the Chancellor in the presence of Stresemann.

ENTENTE CORDIALE?

On January 21st the English Conservative Government was forced by a Labour Party vote of want of confidence, of 328 against 259 votes, to resign. MacDonald was entrusted with the formation of a new Cabinet. In a speech before the vote was taken, Baldwin said that if the Government was destined to be overthrown it would leave behind it no unsolved problem except the Reparations question, the French question, and the question of Unemployment.

MacDonald applied himself to the solution of this "French question" in a letter to Poincaré. In this he explained that "it was painful to him to find so many questions in abeyance that gave rise to anxiety and uneasiness". He would regard it as his constant duty to dispose of them to the mutual advantage of France and England. "You have your public opinion, I have mine. You have your national interests to defend, and I mine. In many instances they may at first sight be in conflict, but I am sure that by a determined effort of goodwill they can be settled, and that it is possible to find political means that will permit France and Great Britain to maintain a cordial co-operation. We can openly, without enmity and without antagonism, defend the interests of our respective countries on these matters. Thus the Entente will be more than an empty word, and France and England can go forward hand in hand to set the peace and security of Europe on a secure foundation."

Poincaré replied that he was confident that if they both attacked the problems that stood at issue between France and England "with the determination and goodwill of which you speak, we shall reach solutions that will be calculated to maintain the co-operation between France and England that is as essential to our two countries as to the peace of the world. I shall use no less frankness than you, and if I display as much zeal in the defence of French, as you in the defence of English rights, you may be very sure that nothing can affect the warmth of my feelings. If we are both inspired by feelings of this kind we must surely succeed in making the Entente effective, and in drawing from it the results that it can and ought to yield, so that at last the whole of Europe may once more find peace, security, and freedom for work."

At the opening of Parliament on February 12th MacDonald declared in his statement of policy that there had lately been an instinctive feeling that unless a radical change were to take place, a completely hopeless situation would result, which could only lead to the outbreak of a European war.

In the House of Lords, Haldane, the Lord Chancellor, in announcing the Government programme, said that Germany had, after passing through difficult times, succeeded during the last few months in maintaining a stable currency. Its continuance depended on whether a favourable solution of the Reparations question could be reached through the labours of the experts. Such a solution could only consist in not demanding higher Reparations payments from Germany than she could provide while still maintaining stable conditions. If such a settlement was reached it was the task of the German Government to increase the economic capacity of the country in order to meet these payments by a careful survey of State expenditure, and other suitable measures.

Lord Curzon, as leader of the Conservative opposition, said that an understanding was only possible with France if it were possible to induce the French Government to abandon the *fatal Ruhr policy*, in which England would never participate and which England could never approve. The conference contemplated by Ramsay MacDonald for the discussion of European reconstruction and disarmament could only succeed if the United States were ready to participate, if a clearly defined programme had been agreed from the outset, and if there was at last an intention to admit conquerors and conquered to take part in it on equal terms.

STRESEMANN REPLIES TO ATTACKS IN THE "TEMPS"

From an article in the *Zeit* of February 6th, 1924:

It is extremely seldom that the *Temps* mentions the alleged unwillingness of Germany to pay what she owes! Truly it is difficult to refrain from satire on this point. Since August of last year Dr Stresemann has done his utmost to reach a settlement with the Entente Powers, and with France as chief creditor, on the question of Reparations. But all his efforts were rendered futile by the opposition from the other side. The *Temps* probably knows well enough who it was that forbade the French Ambassador in Berlin to discuss the details of the Reparations Plan. On the French side any negotiations as to the solution of the question were at first refused, and made dependent on the abandonment of passive resistance. Then it was maintained that passive resistance had not been given up, and negotiations were again nullified by constant allegations of this kind. Thus matters dragged on until January of this year, and any prospect of settlement has again and again been postponed. If a conference of experts does meet to estimate the German capacity for payment, it is only logical to anticipate that the German

Government, the subject of the investigation, will refrain from producing a programme from its pocket which would only obstruct the labours of the Committees.

The German Government is, of course, prepared at any time to negotiate over the question of Reparations. It must, after all, be borne in mind that we are still without an answer to the last basic proposals that were put forward by the Cuno Government, and which Dr Stresemann as Chancellor adopted in an amplified form. We are still without an answer to the question whether France is ready to accept a general pledge in place of local pledges—a pledge that would in the last resort be backed by German industry as a whole. There is no question of Germany demanding the return of pledges without producing the required payments. That is perfectly well known at the Quai d'Orsay as well as in the editorial room of the *Temps*. The demonstration in the *Temps* is something of a sham fight that reflects a certain nervousness in political circles in Paris.

The German Government is not in the least afraid of compromising itself by once more producing its own Reparations proposals, which have been repeatedly made known. But the first essential is to lay the foundations of a Reparations Plan as a whole. This consists of the re-establishment of German sovereignty on the Rhine and the Ruhr, and the re-establishment of German trade and economic unity. Without such a solution of the questions of the Rhine and the Ruhr, the solution of the whole Reparations problem becomes a thing of impossibility. Instead of writing in its present vein it would be very much more desirable if the *Temps* informed us whether the French Government is prepared to recognize this essential prerequisite to a settlement. If that were the case the French claims could be met by securing them against the entire property of the Reich, and against German industry as a whole. This would furnish a foundation for an international loan, and France would thereby be placed in a position to cover, for example, her obligations with the Banque de France and create new credits, of which she stands in great need. On the other side Germany would have the prospect of a moratorium that would give her time to set her production under way once more. A German economic life could thus be created on which the currency could be securely stabilized, and which would be ready and able to pay for the damages of war. On these practical questions it is at any

time possible to reach an understanding with the German Government, and it would in any case be much better to make the attempt than to pursue the policy of pin-pricks with which the *Temps* has unfortunately made us so familiar within the last few months.

WHAT DOES POINCARÉ WANT?

Note by Stresemann:

Feb. 12th, 1924

I received the French Ambassador to-day and asked whether he had any information as to the interview which had taken place between the French Premier and Herr von Hoesch [appointed on Stresemann's suggestion German Ambassador in Paris on February 1st and received by Poincaré on February 11th to present his letters of credence] on the previous day, and he said that he had not. I gave him a brief abstract of what had passed, and told him that I was most particularly disquieted by the French Premier's attitude on the question of the railways. So far as I knew, the experts took the view that a solution of the Reparations question was only possible on the basis of an international loan secured against the railways. But it was also the view of all the experts in question that only the entire German railway system could be taken account of for this purpose. And so far as I had followed French public opinion on the subject, I thought there was a general desire for an understanding in that country.

The speech delivered by Millerand at the New Year's reception had also been welcomed in Germany. The *Temps* and other journals, however, had, it seemed to me, adopted another attitude to the question of the evacuation of the Ruhr. The view appeared to be taken that the Ruhr could be given up against pledges of equal value. Herr Poincaré had actually told Herr Dr Schacht that he would not evacuate the Ruhr until the last sou had been paid. He had not, indeed, maintained this rigid attitude to Herr von Hoesch; he had asked him to lay certain proposals before the German Government, and had shown himself not at all disposed to be unaccommodating. He (Hoesch) had indeed absolutely refused to agree to any modification in the unity of the German railway system.

So far as I could gather from Hoesch's report, Poincaré had distinguished between the budget, that might be allowed to remain undivided, and the administration, that must remain in German

hands. I was anxious to draw the Ambassador's attention to this point so as to avoid any risk of Poincaré becoming set in this attitude.

We had hoped that the deliberations of the experts would contribute to a solution of the Reparations question. The situation now was that the Micum agreements were running out, and that even Herr Poincaré saw how impossible it was for the German Government to undertake to carry out these agreements. But Herr Poincaré was quite wrong to assume, if he did so, that the Industrials were in a position to take the responsibility for these payments. This was utterly out of the question, since they had not yet secured the credits that were necessary for the maintenance of their plant until April 15th. If Herr Poincaré had any idea of confiscating these mines, this would, in my opinion, be a measure quite beyond the power of French finance, and would, moreover, put the whole world against France. If they really wanted a solution, it could only be found by means of an international loan, the greater part of which would be assigned to France, and provide her with money during the time when a moratorium was essential for Germany. It seemed to me that in international financial circles there was at the present time a strong feeling in favour of such a loan. I should be very sorry if the prospect of such a loan was nullified by France's insistence on retaining the administration of the State railways.

Herr Poincaré had based his claim for control on the question of security, and had referred to an utterance of Dr Schacht in which it was stated that Germany would not permanently acquiesce in the state of affairs in the East, and more especially in the so-called Polish corridor. Herr Poincaré was presumably thinking of a war in which he would have to intervene at some point in favour of Poland, since the question could not otherwise be connected with the security of France. Dr Schacht had spoken to me about this matter, and told me that though he had certainly made such an observation, nothing was further from his thoughts than the idea of war; what was much more in his mind, as a business man, was an international conference at which the problem should be cleared up with due regard for the interests of Germany. If war in Europe is to be avoided for any length of time, various clouds that darken the atmosphere must be removed; one of them was the separation of East Prussia from Germany, which in his opinion was bad policy, and was felt to be a piece of chicanery. But this was

not a pressing question, and certainly not one likely to involve a war in which the security of France might be at stake.

Herr de Margerie then stated that he thought it would be desirable to await the negotiations of the experts and their reports. He was convinced that Poincaré would lay great stress on these reports, since the members of the Commission were independent and not bound by any instructions; moreover, they were persons who had come fresh to the problem, and were not exhausted by having handled it for years. He was, however, of the opinion that France was particularly concerned over these same Eastern questions. France had many commitments and alliances with other States, and it was much noted in France that Germany was ready to conclude agreements regarding the Western frontiers, but refused to extend these agreements to the East. The World War had not, in the last resort, arisen out of a dispute between France and Germany, but out of a dispute that had its origin in Serbia. However, he did not think that Poincaré would insist on his view if he could convince himself that another solution would be better. It was true that Herr Poincaré, as I had often remarked, was inclined to be rigid in his opinions, and he could quite understand that I did not want him to get his mind set in this matter of the railways. But he would venture to draw my attention to the fact that Herr Poincaré had changed his mind on the question of the Rhine railways, and that he was not so obstinate as to be unable to see the other side.

I observed that Poincaré was having a difficult time at present, and he agreed, but expressed his view that Poincaré would succeed in maintaining himself. The Chamber was trying to find some means of voting the taxes while washing their hands of the responsibility, and the debates only served the purpose of convincing the people that everything possible had been done to spare them this heavy burden, but that from motives of patriotism it had proved essential to pass these measures.

With reference to Millerand's New Year speech Margerie said, with a slight smile, that Millerand knew how to adapt himself to circumstances. The circumstances had, indeed, greatly changed. Millerand's remarks fairly represented the general feeling in France. There was certainly a desire for an understanding, but of course only such as would secure the German Reparations payments. The fall in the franc had much disquieted public opinion in France.

The idea of two budgets, one of which should be wholly based on payments from Germany, had been given up, and there was a disposition to reach a settlement.

I asked the Ambassador if Herr Weyl,¹ who had lately been in Berlin, had come to call upon him. He said, Yes; that Herr Weyl had been to see him and had told about his interview with Dr Schacht and myself.

In reply to my question whether he had seen Herr Rechberg, he said that he had not spoken to Herr Rechberg since his journey to Paris; but that the latter had been at the Embassy, or at his house, before he went to Paris, and had told him that he was going to Paris to negotiate a potash agreement. He had to treat with a certain Herr Mercier who represented the free potash interests.

THE "SILVER STREAKS"

From Stresemann's speech at Elberfeld:

February 17th

To-day should be celebrated as the Day of the Palatinate. That means that it should keep alive the recollection of all the injustice committed against German men and women in the occupied area, of all the injustice that Germans had had to suffer in the Palatinate. The question of the Palatinate, with which the public opinion of the whole world is now concerned, is a special instance of the problem of all Germans in the occupied territories. What has there passed current as the Separatist movement did not grow out of any German popular will or any German popular sentiment. The French Press has lately been full of the events at Pirmasens. [The Municipal buildings, where the "Separatist Government" was sitting, was stormed by the populace, and several Separatists killed and wounded.] They think to connect the security of France with such movements, and ask how it can be possible for such incidents to take place within a few kilometres of the French frontier. No nation has ever endured so much pressure without and so much misery within as the German nation, without falling into disorder and revolution. If the veil spread by the French Intelligence Service over the events in the Palatinate is suddenly torn; and if attempts have been made for months to create the impression that it was

¹ A French commercial magnate and financier, a strong supporter of a Franco-German understanding.

only the malicious policy of Berlin that made it impossible for the population of the Palatinate, following their own inclinations, to break away from the Reich and Bavaria and show what their views really were—these happenings must be very painful for those who cherished this illusory policy.

If this is regarded as an uprising of the German people, we must also enquire what have been the proceedings of General de Metz that such incidents could have occurred. That is the lesson to be drawn from these events. Some few in the ranks of our enemies may succeed by a policy of flattery or violence in paralysing the loyalty of the occupied territories, and finally so break them down as to obtain their allegiance, or at least detach them from the German Reich.

Undoubtedly the question of the occupied territories is infinitely difficult. On many occasions, with the resources at our disposal, we were not in a position to help the occupied area in the way we should have wished, and perhaps ought to have done. But we to-day are faced with the broad question of Germany's destiny—whether we can succeed in preserving our country from economic and social chaos, and bring her back through stabilization to recovery. The present negotiations with France start out from the situation in the occupied area. It has been said that these negotiations are purposeless from the outset and do but provide a proof that the Reich and the Foreign Ministry allow themselves to be swayed by illusions. I do not think that this criticism is just. To-day we have to conduct the foreign policy of a defenceless people. The critic of a policy of negotiation and understanding must also say what he would put in the place of such a policy.

All questions affecting the occupied area are dependent on an understanding regarding the larger question of a Reparations settlement. When I think of the negotiations that were carried on by the Experts' Committee and continued in Berlin, and when it is asked whether anything may be expected from these negotiations, I should like to associate myself with the remark made by a prominent German industrial who has for years been involved in this Sisyphean task, and saw the fruitlessness of all the efforts; he said that for the first time he could see silver streaks on the otherwise dark horizon. Even in the countries which regard themselves as victorious, there is a rising doubt whether the way that has hitherto been taken is the right one.

When the mark collapsed in Germany, we constantly heard the criticism in Paris that its fall was a calculated manoeuvre on the part of the German Government. In reply to which I put forward the question at Stettin: If a nation like ours is involved in a currency collapse, and if it is the Government's fault, how are we to explain the fact that France, which has received such enormous payments, is now also faced with a collapse in its currency?

If our statistics as to deliveries in kind are not believed, no doubt will surely be cast upon those of the American Committee, which estimated the value of the amounts transferred by Germany at 25 milliards of gold marks. I have never heard that these figures have been questioned in any quarter. It is perhaps significant for the practical understanding of our payments that most of the direct payments have been in kind. These deliveries, which are not reckoned in figures, are passed over without notice. Yugoslavia alone received deliveries in kind to the value of 60 millions, an amount which served to balance the entire budget of that country. France has only drawn a portion of what was her due, because her industry was afraid of German competition. The fall in the French franc will continue if a prolongation of the Micum agreements is not possible, and that is certain if a solution of the Reparations question is not reached. France herself has thus the greatest interest in a solution.

A loan presupposes—and in this I believe I speak entirely in accordance with the judgment of the experts—the establishment of unity in the German transport system and in the German Reich, and the restoration of the situation as existing before the occupation of the Ruhr. Without the Reich railways there can be no loan. And the Reich railways without the State lines do not present a unified system. The German Reich that does not exercise sovereignty within its borders is not a national entity which could offer the world security that interest would be regularly paid on loans accorded to it.

The debate in the French Chamber reveals the uncertainty now felt as to whether the policy pursued towards Germany was the right one. We are probably on the verge of great decisions. The near future may bring an understanding. It will be combined with the influence of international capital on those institutions in which it participates. Certain organs, who like to call themselves national,

will say that Germany has placed herself under international control. If we establish a Gold Note Bank, for which we cannot raise the capital by ourselves, the foreign creditors will wish to have their representatives on the board, just as our own industrials will require to have their own representatives. It must not be supposed that matters of plain political necessity can be dismissed in commonplace phrases.

Another question that has not escaped severe criticism is the continued payment of the costs of occupation. It has been suggested that the payments were continued at the instance of the Foreign Ministry and that I wanted to create a better atmosphere in Brussels and Paris. We have lately had representatives of the occupied territories in Berlin, and they all expressed a wish that the costs of occupation should be paid, because non-payment would merely involve raids on municipal funds and on private property. The question of German policy in the Rhineland is a question that must be considered as affecting the occupied area; it is not a question of foreign politics. In this matter we shall only go so far as the financial situation will permit. We want to show the occupied territories that we will share our last resources with them. The question must be solved within the general framework of Reparations.

For our fortunate survival during the last few months we must recognize our gratitude to the people. No such claims have ever been made upon a people by a Government and a State. And we have still a hard road to travel. How long the journey will last I do not know. One point seems to me hopeful: it was assumed abroad that Germany had given a false picture of herself, but it is now realized that we have by our own efforts established internal order. That is a great advance; and that we owe to the Committee of Experts.

The phrase "silver streaks on an otherwise dark horizon" has come to be regarded as his own. As a matter of fact the words were used by the then Secretary of State Bergmann, who conducted the Reparations negotiations on behalf of the Reich Government.

II

A REVIEW OF THE REPARATIONS QUESTION

Note by Stresemann:

February 19th

As regards the achievements of the Committees of Experts, I do not think that the work of the second Committee [to examine into the flight of capital] reached any practical result. And this is in accordance with the views of the members of the Committee themselves. In the same conversation, in which a leading member of the Committee inveighed against the erroneous newspaper reports, and said that they had obtained all the information they wanted from the German banks, I asked him to what conclusion he had come, and he replied to this effect: "I believe that a policy of peaceful development leading to the restoration of German productivity is what will bring capital back to Germany." And this was, in fact, the view of the members of the Committee themselves.

The labours of the first Committee call for a rather different estimate. When the members were presented to the Chancellor, I was struck by the fact that even then the spokesman, in his reply to the Chancellor's address, said that the Committee was anxious to reach an unanimous conclusion. This unanimity, which they wished and hoped to secure, now plays a considerable part in the comments of the French Press. From what I can gather as to the deliberations of the Committee, I believe their purpose was to formulate certain principles conditional to the solution of the Reparations question.

The question of Germany's capacity to pay stood in the forefront of their discussion. The possible yield of taxation was compared with that of other countries. It is stated in the French Press that in the course of these deliberations in Berlin it had been piously estimated that Germany could produce a Budget surplus of 4 milliard gold marks if the taxation screw was turned as far as it has been in Allied countries. Such nonsense was never uttered on that Committee. But the truth behind these statements is the fact that the American and English experts, more especially, studied the question

whether, in conjunction with the increased production which they hope will accompany the moratorium to be granted to Germany, the taxable capacity of the country could not be raised to a figure relatively commensurate with that of the Allied countries. In this connection the figure of 4 milliards was mentioned—quite theoretically—in the sense that, if Germany were in a position to raise the taxes that are raised by England, and if the average taxation per head of the population were the same in Germany as it is in England, some such a sum would be reached. The Committee requested the experts to state whether they were, broadly speaking, prepared to recognize the principle that the taxation in Germany should be as high in Germany as in Allied countries; this principle was recognized by all the experts in agreement with us; indeed it is in accordance with provisions that are to be found in the Treaty of Versailles. I discussed this question with several people, and I tried to impress upon them what seemed to me very important. "If", I said, "you come to a matter of figures, you can only make a relative comparison of taxation, and you must raise the income of the German working man, of the average German, to a point at which, at the same percentage, will yield a Budget surplus."

When I asked one of the experts what his estimate was of the present taxation in Germany, he replied: "In my opinion it is now not merely as high as the taxation in Allied countries, it is higher. What we had in mind was that, after three years of complete peace, the productivity that might be expected from the restoration of German industry, and from the efforts you are making to intensify output, may be so considerable that even if the same relative taxes are levied, your Budget may show a surplus that could be applied to the purposes of reparations."

I should be very sorry if, in any further discussions, the idea should get about that the Budget which we have established for the time being was a normal Budget of the German Reich, and to be regarded as such. This Budget, with all the cuts it has imposed on official salaries, can only be regarded as an emergency measure designed for a period of transition. But we shall never recognize that we are permanently to be depressed to such a level, or that, upon this foundation, Budget surpluses may provide a basis for Reparations payments. Some of those concerned—I only had the opportunity of speaking to the English and Americans—have entirely realized this, and said that much as they desired to see equality of

taxation, they considered a certain equality in standard of life among the individual classes of the population in European States as extremely desirable.

The thought that was now before these people's minds was, not that a surplus of 4 milliards could be reached—this figure was rejected as *apocryphal*, and relating to the special level of well-being in England, nor indeed was it fair to compare Germany with Belgium, France, or Italy—but that a surplus, certainly far below the figures given in the Belgian memorandum and elsewhere, as Germany's capacity to pay, was to be aimed at, and that such a surplus must satisfy the Allies. All that could be done was—such was the view of these experts—to establish what Germany could pay in accordance with certain principles, and that must suffice. If the total turned out to be higher, so much the better; if less, that could not alter the facts. In any case, the export of gold, or gold values, to other countries, was quite out of the question. What was possible was the participation by individual nations in a Gold Note Bank now definitely to be established, on the basis that the surplus should be paid into the said Bank, and that the various countries should be credited with these payments in accordance with their allotted percentage of Reparations, and that they should have the right of either leaving these balances to be invested in Germany, or on account with the Bank, or import goods from Germany, but that no other form of payment should come into consideration.

It was then discussed as to how the claims of France could be satisfied, seeing that that country would have to renounce any incomings from Germany over a period of years. In this connection the question of a loan was mentioned, which might be secured on the property of the German State railways. In the meantime these proposals were publicly canvassed, especially in the foreign Press, where figures were given. It was then considered how best to raise a mortgage on the capital invested in the railways. The amount was estimated at about 25 milliard gold marks, which may be taken as being roughly accurate. It was assumed that in the case of a railway system in normal condition, from 40 to 60 per cent of this sum could be mortgaged, this constituting the value, and mobilized in the form of bonds. It was then suggested that on this basis a loan could be raised, of which France could take advantage in accordance with the allotted Allied percentages, and with the pro-

ceeds that would be thus forthcoming could meet her expenditure during those years when she would receive no payment from Germany in virtue of the moratorium to be granted to us.

Thence arise a whole series of problems. In the first place, the authority of Germany to fix railway rates is an indispensable preliminary to any financial manipulations connected with the German State railways. Secondly, as to the participation of other countries in their control. Suggestions relating to an international loan secured in this manner reached the Government of the Reich even before the Committee of Experts had begun its activities, and we were then informed that American and English financial circles were particularly interested in such a project. We did not at the time go into these matters very thoroughly, as we saw that great dangers were involved: how could the German railways continue to exist as State railways under our tariff rates and administration, and how is the transition to be achieved to some form of complete internationalization, a conjuncture so little to be desired in the interests of the Reich? But that the question was seriously discussed, and the names of the great banking houses in Wall Street and London were duly mentioned, seems proved by the fact that the question stood so very much in the forefront of all the negotiations, that it seems not unreasonable to assume that these matters had already been discussed before the Experts started on their way to Paris and Berlin.

Now this question, which appears at first sight to be a purely financial one, a question of an international loan, involves a whole series of problems that raise acute political issues. As a preliminary condition of any international loan it appears that the experts, including MM. Alix and Parmentier—that is to say, including both the French Experts—were unanimous in demanding the re-establishment of the German railways as a unified system, as also the evacuation of the Ruhr and the restoration of such conditions in the Rhineland such as we are accustomed to designate as the Rhineland agreement. Individual experts took particular occasion to emphasize the fact that it was quite out of the question to pursue any of these projects further so long as the railways remained in German ownership and under French control, and that the complete taxable capacity of the Ruhr and the Rhine population was an obvious preliminary for any Reparations payments by the Reich. In the last few days I have enquired whether these presumptions

do in fact represent the unanimous attitude of the Experts, and I have hitherto found my opinion everywhere confirmed. I also asked the question in a quarter that must, from a professional point of view, be especially in touch with Parmentier and Alix, and I was interested to be told here too that it would be desirable to postpone any important action of a political character until the Report of the Experts was issued; such a Report would have a very great effect since it would probably be unanimous and embody an agreement between the various nations. And I was also told, though not in direct reply to my question, that special significance would attach to this Report because the experts who had drawn it up were persons who had not acted under instructions, but were politically independent and had a right to independent judgment; we, therefore, might expect some result from the labours of these experts, as on this occasion they had not chosen the very men who had toiled for four weary years at the solution of the Reparations question, but men who had approached the problem quite without prejudice, and were seriously determined to reach some result.

We may now enquire what will be the attitude of the Powers mainly concerned when such suggestions for settlement are put before them; more especially the attitude of France.

The address made by Herr von Hoesch when presenting his letters of credence to the French President Millerand on February 16th, had been previously submitted to the French Foreign Office in Paris. Millerand's reply had not been brought to the knowledge of Herr von Hoesch; he asked that he might be made acquainted with it, but was informed that this was not the French custom. When I read it, I had the impression that the passage that was so much criticized by German public opinion was an ungracious gesture that should certainly not have been offered on such an occasion, but that it did not open up the question of war guilt in the sense in which we understand it. Millerand observed that the French democracy had shown that it was ready to make any sacrifice to preserve, together with its own independence, the freedom of the world. He then reproaches us with having threatened the independence of France and the freedom of the world. The allegation of war guilt, however, I had always really understood to imply that we had started the war and invaded France. His observation in this connection that a victory of Germany would have been a threat to the independence of France and to the freedom of the world, is in my

opinion something that should not have been said at the reception of an ambassador, and accords very ill with the very friendly expressions addressed to Herr von Hoesch personally at the outset. But upon my first reading of the speech I did not get the impression that he was intending to open the question of war guilt, as such. However this may be, Herr von Hoesch did not take the point. The reception was conducted with the truly military ceremonies of the French Republic. Herr von Hoesch was fetched in the President's carriage, escorted by French cuirassiers. A battalion of infantry then paid him military honours as he drove into the courtyard.

Anyone who has followed the French Press will observe that there has undeniably been a certain change of attitude in regard to the questions raised in the Experts' Report; the resolve never to retire from the Ruhr—an attitude that has only come into prominence during the last six months—is no longer maintained; nor, too, is the resolve never to give up the Ruhr as a security except against a security of equal value. On the other hand, in an article in the *Matin*, Sauerwein discusses the question whether an international loan constitutes a security of equal value. The *Temps* thinks it very astute of Germany to suggest a solution on the basis of an international loan that should more or less correspond with the indebtedness of the French Government to the Banque de France, so as to give France the possibility of a new status for credit. These debts amount to 28 or 29 milliards of French francs, which, reckoned in gold francs, would amount to about a fifth of that sum. It is assumed in France that this is the sum that could be mobilized on the basis of a so-called Railway Loan. This sum has not been mentioned in German quarters.

Although, therefore, as a result of what has fallen from the French Premier only a few weeks ago, the official journals that certainly represent the views of the Quai d'Orsay have at least opened their columns to a discussion of equivalent security, and therewith envisage an understanding, the point that I have described as the indispensable prerequisite to any international loan—namely, the restoration of the unity of the German railway system—is met with decided opposition on the part of the French Government. Such a demand would certainly call forth a flat refusal. And this attitude is not founded on any financial or economic considerations, but on the preservation of French security. But as it can

hardly now be maintained with any appearance of truth that a France bristling with armaments is threatened by Germany, and must protect herself against attack, there is talk of complications that may arise in Eastern Europe in which Germany would be to some extent involved, and France, by the terms of her alliances, would be compelled to help her friends.

I touch upon this question of security because the whole question of some sort of solution for the Reparations problem must contain some arrangement for the settlement of the security question, if it is to extricate us from our present dilemma. The question of security was vigorously discussed in the French Press in the first days of the Ruhr invasion, and has again been raised in the last fortnight, probably in connection with the discussions of the Experts which are probably better known in Paris than here. In the time of the Cuno Government, von Rosenberg on his own behalf put forward a proposal for a Rhine Pact which was to be addressed to France by the agency of Hughes; but France would have none of it because it contained the idea of a plebiscite before any possibility of war, a somewhat unfortunate suggestion. But this idea was no more acceptable to France than the proposals I put forward in my Stuttgart speech. The plans of France, as we know from the discussions about the war, went much further—as, for instance, the views of Marshal Foch—than the Treaty of Versailles, at any rate in territorial matters. Their aspirations were to the Rhine frontier as such, and to this they are always returning. Here lies the opposition between France's political instincts for power, and her financial anxieties and embarrassments. Which, in this conflict, is to be the iron and which the earthen vessel will depend on the extent of these financial anxieties and the further development of all these matters. The problem of finding a formula, strange as it may seem to us having regard to the present situation and the demilitarization contemplated by the Treaty of Versailles, which would make it easier for the present French Government to retreat from its position, would be one well worth solving. I cannot conceive how a compromise can be reached in the railway problem itself, outside the proposals I have mentioned, which hitherto have found no response in France. For when prominent members of the French Government adopt the attitude that they would have no objection to the receipts and expenditure of the State railways coming under the Exchequer, but that they wished to maintain

control of the administration, could a more nonsensical scheme be suggested to an international committee? It would simply mean that the Committee would undertake the guarantee against a deficit, and that the lines would be administered on strategic and not economic considerations; it would thus undertake a heavy liability without being able to exercise any corresponding influence. Here lie the gravest difficulties. Whether they will be surmounted remains yet to be seen.

The Gold Note Bank contemplated by the Experts may be regarded to a certain extent as a Reparations Bank. The Experts intend that the claims of the creditor States, after the expiration of the moratorium, and whatever surplus we may have, shall be dealt with by this Bank, and there remain at the disposal of the other States for the purchase of goods or for reinvestment in Germany.

Industrial co-operation, which is mentioned in this connection, so far as German and French interests come into question, is contemplated as mutual—mutual exchange of goods on mutually favourable terms. No more is heard of the absurd suggestion that the formula should be: Discover which are the best German firms and take 33 per cent of their output. Such cannot be regarded as a solution of the Reparations problem.

One point that calls for satisfaction is that the Experts have not prevented the Gold Note Bank getting into operation by making us wait until the whole performance is complete: consultations with the Powers involved, possibly an international conference, Reparations Commission, etc., all of which will take at least several months. In any case this interval can perhaps be somewhat shortened, especially as for our main industries April 15th is the appointed day on which the Micum agreements come to an end. This system of Micum agreements is often regarded by public opinion merely as a system of laying the coal industry under contribution; but in the meantime it has become a very close-meshed system, which has been extended to everything; moreover, the system of deliveries in kind is gradually passing over into a system of deliveries in cash, *i.e.* percentages of output from individual industries that must be delivered, and are accepted as material on which money is to be raised on account of Reparations payments, a monstrous proceeding for which there is absolutely no warrant in the Treaty of Versailles. And the sums now exacted are very high. This is the most monstrous form of exaction that can be imagined, and when the arrangement

was made, it was made with the approval of the Reich Government simply because we were then confronted with the appalling decision, which was largely the cause of the fall of my first Cabinet, as to whether the Government and the employers should merely look on while some million idle and unemployed were delivered over to starvation, or whether, in the hope of some future understanding, an attempt should be made, at however heavy a sacrifice, to create some sort of industrial life in the occupied area.

There was talk in those days of flinging it all aside and paying no more,—compared in the French Press with the policy of the burning of Moscow. But we did not adopt that policy. We advised industry to assume the burdens involved in these abnormal exactions. Industry was, in fact, optimistic, having regard to the credits that were assured. We offered a charge on certain taxes in compensation. This system broke down, and there is no question of prolonging it. The optimism in industrial circles regarding the extension of foreign credits was not justified; and the sums received were much less than had been anticipated. The whole uncertainty of our political and social conditions is so obvious, and was more so at that time, that foreigners felt little inducement to grant industrial credits when no one could tell from one day to another whether industry would not be deprived of its raw material, or robbed of its manufactured goods, as was repeatedly our experience during the occupation of the Ruhr. There were further negotiations with industry, and its representatives were quite definite and unanimous—indeed they could hardly be otherwise—that the agreements could not be prolonged. Even the French Premier briefly recognized in his conversation with Herr von Hoesch that the Reich could not pay on these agreements; he said: "I know that the Reich cannot pay these sums", just as the French Premier repeatedly stressed the fact that a moratorium was essential for Germany. And as the sums could not be extracted from industry, the question of the expiration of the Micum agreements was in a certain sense the political turning-point in the whole international attitude of France.

What induced so great a change in public opinion in France was the consequence of the financial crisis in that country—for we now see it to have been no less—the steady fall in the currency. The *Temps* recently attacked me with some vigour for comparing the state of affairs with what had happened in Germany; if, in the case of the fall in the German currency, it was always alleged that it was

the Government's fault—a deliberate bankruptcy, in fact—what was to be said of France, now that the franc had started on its downward course? Either the German Government was not guilty, or both were guilty together. The writer said that Herr Stresemann forgot that the German Reich had paid out no monies and had a compact undamaged industry to call its own, whereas France had had to pay for the restoration of the devastated area. That the sum expended on this purpose was but a fraction of the amount mentioned in the article seems to me to be established by the debates in the French Chamber itself. The amounts paid by us are recorded in the American memoranda. In any case a certain unsteadiness and nervousness in French public opinion is not now to be gainsaid. There are whole groups of prominent politicians who are more inclined to the idea of an understanding, either because they fear that the policy of refusal may lead to the political and moral isolation of France, or, if they are indifferent to that eventuality, to a further fall in the currency. In this way the expiration of the Micum agreements will likewise be of decisive significance in hastening a decision which, if France were not concerned for the fall in the franc, might have been long postponed.

In connection with these questions that more especially affect Germany's financial competence is the question of the costs of the Occupation, as to which we shall soon, most probably, see a *démarche* on the side of Germany. . . . I have often had to correct the common view of this question, which regards it as falling wholly within the purview of foreign affairs. It is not merely a foreign-political matter: the decision of the Cabinet under which the costs of Occupation have hitherto continued to be paid was far more dictated by consideration for our countrymen in the occupied area than for the fact that the cessation of payments would seriously damage our relations with foreign Powers. We have repeatedly been subjected to very strong pressure from the Parties in the occupied area in regard to the payment of the costs of Occupation. We were indeed assured at a recent meeting of the Cabinet that all Parties in the occupied area took the view that the catastrophic effects of non-payment could not be foreseen, and this, so far as I know, is the view that has been given to the Press by the representatives of the various Parties.

This question is of decisive psychological importance at this very moment especially, when, as everything tends to show, an inter-

national decision on the Rhine question is imminent, and we have some prospect of reaching a settlement on the political question by way of financial considerations. Only, the population must stand by us, and must not be led away by any sort of separatist movements—and in this connection I am not thinking of the Separatist bands, but of quite other movements. I believe the fall of the franc and the stability of the currency in Germany was a fact that produced great psychological effect. It helped us very much. We originally paid and went on paying the costs of Occupation so as to spare the population any fresh outrages; and this decisive moment caused the Cabinet to continue the payments although the figures presented a very disquieting picture. According to Foreign Office records, from the Armistice until the end of 1923 we have paid 5114 millions in gold in respect of the costs of Occupation. Of this total 3.7 milliards were represented by deliveries in kind, and 1.2 milliards were paid in cash. At present, as a result of a Cabinet resolution, we have limited our payments in respect of the Occupation to a definite sum in gold, and hope it will suffice. We have, however, already taken diplomatic action to prepare the ground for a suspension of these payments. By a Cabinet resolution of December 4th the Foreign Office was requested, with its concurrence, to take steps to inform the Powers concerned that we could only be responsible for these payments for a limited period.

Our *démarche* in London dragged on through all the difficulties that are connected with the formation of a Cabinet in England. The first steps were taken on December 19th. We had indeed already been severely taken to task by Lord Curzon regarding the serious consequences that might result from a suspension of these payments. Special stress was laid on the fact that the circles in England which were in favour of the withdrawal of the troops from the Cologne Zone would perhaps be encouraged in their agitation when it was known that we had refused to continue the payment of the costs of Occupation. The English Minister had declined to define his own personal attitude, but he made it clear that he thought our attitude unfriendly, this point of view being based on the notion that England believed that we were paying under the Micum agreements, with the result that—such was the obvious feeling—we were guilty of unfair discrimination, those who did their best for us, or at any rate tried to do so, being worse treated than those who did their worst. We managed to make it clear that

the burdens of the Micum agreements and the credit advances rested upon the employers, and that we paid nothing, nor were in any way behind them. This impression has, I think, now been removed.

We have also discussed with France the suspension of the payment of the costs of Occupation. The French Premier merely answered—after two or three references to the matter—that the further exchange of views would be rendered sensibly more difficult if these payments were no longer made. I do not regard this remark as an uncompromising refusal, and I was surprised that it took this form. However, we shall have to come back to these matters. We could not be content with the friendly observations of the Experts who said to us: Wait until our scheme goes through, and the question of the Occupation will solve itself; the occupying Powers will themselves have to pay the costs of Occupation out of what they receive from Germany, and you will see how quickly the number of troops will be reduced. But even if I assume that these ideas will prevail, the process may drag on so long that we should bleed to death in the meantime. We must therefore press the whole matter diplomatically, and we shall certainly secure a far-reaching reduction as soon as the right moment arrives; and I believe that in this affair we may count on the support of several Powers.

In connection with the change of Government in England it was commonly assumed in Germany that we should soon observe a vigorous activity on the part of the English Government in international affairs. I do not know if this is likely to be the case. Little has yet reached our official cognizance in this regard, possibly because the English Prime Minister is discovering, what has already been discovered in other countries, that to combine the functions of Prime Minister and Foreign Minister is beyond the powers of one man. He has, indeed, informed our Ambassador that he was so absorbed by domestic questions that he had not been able to devote so much time to foreign affairs as he had hoped to do.

We know that when his premiership was merely in prospect, he had determined to give his most vigorous support to English policy in the Palatinate. Even at that time, members of the Foreign Office made it clear, in an interview that took place in London with a prominent representative of France, that they knew beyond all question that they would have the support of the

Cabinet—even in the event of a change of Government—in their determined opposition to a policy which consisted in ejecting decent citizens from German territory, installing the Separatists, and requesting the world to recognize the régime as a *fait accompli*. The action taken by Consul-General Clive may be expected to affect the whole question of policy in the Palatinate. Almost every week there have been questions raised specifically relating to the Palatinate; and in close connection not merely with the protests in France, but with our *démarches* in other capitals, we have done our best to get matters improved. France's present more accommodating attitude is the more notable since the French Premier had previously always taken the view that he admitted that the Separatists in the Rhineland were people who need not be spoken of with much respect—it was the occasion when the expression “mercenary rabble” fell from Herr von Hoesch, and no exception was taken to the phrase—but that there was a great difference between the Palatinate and the Rhineland. In the Palatinate the movement had arisen among the people. Attempts are now being made to represent it as essentially popular in origin. It is encouraging to observe that this attitude is no longer maintained in France, and that the French Press speaks openly of a breakdown of French policy in the occupied area in the matter of Separatism; though we must beware of undue optimism.

It has been anticipated that the English Government would show a good deal of activity in regard to Germany's entrance into the League of Nations. Hitherto the question has only been discussed by England and ourselves in conversations that took place in London or Berlin. The initiative was to be left to England in this matter, if and when the English Government felt disposed to press for Germany's membership of the League. It is doubtful whether England would wish us to show any special interest in the question; for then the position *vis-à-vis* France would be that England was pressing for what was recognized by Germany to be her interest. It is to be observed from MacDonald's unofficial utterances up to date that he has used the formula: “Germany's admission to the League must be unconditional”. He has thus expressed, before we had an opportunity of insisting on the point, what must necessarily have been our attitude—that Germany's entry into the League was not to be subject to a further acceptance of treaties that might cover details taken from the Treaty of Versailles.

From the German point of view it is also of immense importance that, if and when this question becomes urgent, it shall be raised by England not merely on behalf of Germany but of Russia too, the English Government having made considerable progress towards the recognition of that country. Our relation with Russia will be of the greatest importance to us on both political and economic grounds. Any action of the League directed against Russia and involving this country would lay a heavier obligation upon us than on any other country. For us the League would be quite a different instrument if all great nations were really represented in it. Whether the objections of the United States will ever be overcome remains to be seen. In any case, no positive proposal has hitherto reached us, and we hold the connection between these two questions—the non-recognition of the Treaty of Versailles, and the admission of other Powers to the League—as a matter of essential importance, as also the unquestioned acceptance of Germany's membership, with full and equal rights, of the League Council.

Another matter that is likely to lead to international negotiations is the question of Military Control. In a memorandum conveyed by the German Government to the Allied Powers on January 9th, we expressed the view that the work of the Allied Military Control Commission was at an end. The legal position in regard to this matter of control was that, under the terms of the Treaty of Versailles, visits could be paid and search made at any time and place. But this authority serves, of course, merely for the performance of the duties laid upon the Commission by the Treaty of Versailles. The material tasks of the Commission were expressly and authoritatively set forth by the Ambassadors' Conference, on April 14th, 1922, in a series of points, which were later combined in five groups. These points, which are now to play a part in fresh negotiations, relate to individual demands, such as, for instance, the production of all military material over and above the stocks in hand at the conclusion of the Armistice, the organization of the *Schutzpolizei* in Germany, and a few other matters. We declared ourselves ready to negotiate with the Allies on the five points put before us in a Note despatched on September 29th, 1922; in respect of which I may remark that some points have disposed of themselves already: we do not, for example, possess any material of the kind demanded of us, over and above what was available at the

time of the Armistice negotiations, and, while raising no objections, we regard the work of the Commission in inspecting military depots as concluded. If, therefore, these points are disposed of, nothing in our view remains but the supervision provided for by Article 213 of the Treaty of Peace, which falls to the League of Nations to carry out. We have hitherto received no answer to these contentions, which were embodied in a Note of January 9th.

It will be remembered that visits of the Control Commission took place as recently as January 10th, 11th, and 12th. But the practical question as to whether any further such visits should be paid was raised again by a demand put forward by the French; it came to nothing owing to the opposition of the other Powers concerned; no official intimation reached us. Upon the occasion of the last visits, which were only paid by higher officers, there were some untoward events; one, more or less innocuous, in Berlin, another, rather less innocuous, in Stuttgart. This, I think, seems to point to the fact, which was emphasized at the time, that these were the last visits. I must recall that not merely the Bavarian State Government, but the Württemberg authorities, through the agency of their President, Dr Hieber, intimated to the President of the Reich and the Ministry of Foreign Affairs, that they could not regard the continuance of these visits as feasible, having regard to the risk to public order resulting from the excitement of the population. We hope by emphasizing this attitude, which we share, to get an end put to this business. We shall then be able to discuss the individual five points with the other Powers.

The great complex of the Rhine and Ruhr problem has been dealt with by us in a memorandum which has been handed to the French Government. This question will be dependent on the question of a solution of the Reparations question. I gather that fact from the attitude adopted by the French Press. The *Temps* said, when our second memorandum was despatched, that such memoranda were merely barriers across the way to a real understanding; if there was a desire for understanding, protocols should be avoided. On this point, of course, there can be more than one opinion. The writer then proceeded to observe that there were many more fruitful themes for discussion, as, for instance, the prolongation of the Micum agreements. I can well believe that this question interests France far more than a *modus vivendi* on the Rhine and the Ruhr. But it is

gradually becoming clear that these matters are interdependent. In my opinion France cannot tolerate complete unemployment in the Ruhr, with its immediate corollary of cessation of deliveries, on account of the consequences to her own finances. Whether we make any progress in the questions of the Rhine and the Ruhr depends, in my view, on how far the Experts manage to impress their conclusions on the French Government. Without prejudice to the previous not very notable good results secured by Herr von Hoesch at his last audience, we have addressed a fresh Note to the French Government in which we have dealt with individual points. I think we shall reach an agreement just in so far as France can hold out no longer, owing to the strain on her finances.

Not once but half a dozen times at least has the French Premier said to Herr von Hoesch in precisely identical words: "If your Government has anything to negotiate with me, I beg you to inform your Government that these negotiations will be carried on by me through the French Ambassador in Berlin, and I beg that the German Government will negotiate through the German Embassy in Paris; I absolutely refuse to treat on such matters and to converse with haphazard individuals each of whom maintains that he is in touch with some kind of influential personages. In all these questions, in spite of reports to the contrary that may be current in the Rhineland and apparently emanate from Herr Tirard, it cannot be too clearly emphasized that there is only one intermediary for these negotiations, and that is the German Ambassador in Paris."

Herr von Hoesch has made a very good position for himself in Paris, so far as I am able to observe, and especially in the very difficult question of negotiations with persons who are difficult to handle; he has more than once succeeded in putting forward the German standpoint with great energy and precision. In this connection I may mention the way he spoke to Herr Poincaré about the Separatists: "All these people whom you speak of as representatives of the Rhineland population are no more than a mercenary rabble, maintained by your people on the spot to humbug the population". All his reports, all his cool dispassionate views of affairs, make clear that Millerand's words truly represent the French attitude. So far as detailed economic questions come into consideration, their solution will always be a matter for experts, but no one is better fitted to put forward the general principles of our policy than our Ambassador in Paris.

STRESEMANN ON THE PALATINATE

On the afternoon of February 22nd, at 2 o'clock, Stresemann made a speech in the Reichstag, which had reassembled on the 20th, in reply to interrogations regarding the Palatinate. The "state of siege" declared by the French at Pirmasens, further imprisonments, and a fresh threat of sanctions, had once more rendered the situation extremely acute. The German had embodied a quantity of evidence in a Note despatched on the 20th, but Poincaré had brusquely refused to receive it.

France refuses to accept the Note in which we have provided evidence of the incidents in the Palatinate, on the ground that no notice can be taken of disputes between Germans, as the French Government was not concerned in these disputes.

I set out the situation impartially and in detail; but allow me to add a few words on this treatment of the German grievances regarding the Palatinate. Those who know the situation in the Palatinate will, I think, not need any discussion of the reasons for the rejection of the German Note.

I believe that the French Government, in relation to the public opinion of the world, had failed to realize that the obscurity spread by the French news service over the events in the Palatinate has to some extent been dissipated. Attempts have been made by an intense campaign of propaganda to create the impression that in the Palatinate especially account had to be taken of a popular movement, founded on the wishes of the local population, to obtain an altered political status by constitutional means. A little while ago there were statements current in France, put forward with a mask of impartiality, to the effect that doubtless the Separatists in the Rhineland had not the population behind them, but that in the Palatinate the position was totally different. To-day, this view of the case can hardly be maintained openly in France. The number of people who have visited the Palatinate in the meantime, and who, filled with a passionate sense of justice, have protested, even in the foreign Press—I am thinking more especially of messages from English reporters and others—indeed the entire attitude of the neutral Press shows that there is a general understanding of a situation in which a people has been gagged, and in which attempts have been made to force a population to adopt a

definite attitude which will bring it into conflict with its home and its country, and its loyalty to home and Fatherland.

It is said these are disputes between Germans in which the French Government takes no part. If only it would take no part in them! The spectre would be then dispelled in a day; there would be no more Separatists in the Palatinate—they would either leave the province or be forced to leave it, because no decent German would consent to live in their company. That is the real state of affairs.

And if to-day protests are raised that deeds of violence should have been committed, and if we hear men speak of the horror that seems to brood over such events—a horror that reminds us somewhat of the period in German history of which Hermann Löns writes in his *Werewolf*¹—it must surely be realized that when the patience of a people is strained to the uttermost, acts are committed that must be condemned in the eye of the law, but which, before God and the divine within us, the conscience of man, are entirely defensible.

Yesterday a member of this House said, with reference to the question of the Palatinate, that the struggle in that province was more than it appeared—it was a struggle for human rights. And this struggle for human rights will continue even though German Notes are rejected. What may come about as the result of the refusal of human rights will not fall upon those who are thus driven to despair, but on the intellectual originators of the suppression of such rights.

IN THE TRENCHES OF RESPONSIBILITY

Following upon the above speech in a plenary session of the Reichstag, Stresemann flew to Dresden to deliver a speech at the Jubilee celebrations of the National Association of the National Liberal Party.

When Bennigsen founded the Party, his fundamental idea was: a united front without, and freedom within. It was a period of bitter struggle, which preceded the unity of the Reich, and if I am not mistaken we are now again in the midst of struggles for the unity of the Reich.

¹ A novel of the 'Thirty Years' War. The author was killed in Sept. 1914 while serving with the German Army.

The Reich first, then the country, the Reich first, then the Sovereigns, that was the great idea of the National Liberal Party, for which it fought. And, earlier still, Freiherr von Stein strove for this conception of the Reich. The Grand Duke of Saxe-Weimar stood for it likewise, until came the event that has always seemed to me one of the most marvellous in history—the conjunction of *Realpolitik* and idealism: Bennigsen and Bismarck. If Bismarck carried through the conception of the Reich against the particularists, and if he won that conflict, it was but because a Bennigsen had prepared the way for a spiritual unity of Germany. The conception of the Reich was the main element in the programme of the National Liberal Party. Is the unity of the Reich threatened to-day? We are fighting for the unity of the Reich on the Rhine, in the Ruhr, in the Palatinate, and if matters went as certain Parties wished, in Hanover and elsewhere. The Hanoverian question, too, is a question involving the Reich. Detachment from Prussia means a loosening of the bonds of the Reich. I hope, believe, and expect that the conception of the Reich is firmly embedded in us, because the German people has declared its allegiance to the Reich in the ordeals through which it has passed. A declaration of allegiance to present-day Germany, where are no orders nor distinctions but only privation and taxes, is indeed a declaration of love; and the great thing is that the people has made it. I may therefore hope that when the time comes, in the Rhineland, the Ruhr, and the Palatinate, and elsewhere, to pronounce whether it is worth while living and dying for Germany, the answer will be the same. Is it not a fine thing for the people of the Palatinate to preserve their loyalty to a powerless Germany that cannot help them? Those very persons who refer to Bismarck should take careful notice of this piece of *Realpolitik*.

The use of large words, when there is no power behind them, is a foolish policy. The concept of freedom belongs to the idea of the unity of the Reich, but so also does the concept of the homogeneity of the whole nation. It is often held that Liberalism is an idea of the past. How foolish! The conflict of the day will pass, but the conflict over an idea will remain. Let us beware of regarding the material element as the deciding factor. The great decisions lie within the sphere of the ideal. Liberalism is something quite other than democracy. Democracy is the idea of the majority, Liberalism is the idea of personality. The ideas of equality that prevailed

after the Revolution were so much folly. No man is like another any more than the leaves in the forest are like each other. But that does not mean that individuals are not to be equally esteemed as such.

We must go back from equality to differentiation. It is the difference between fine work and journeyman's work. The State rests upon the family, and not upon equal esteem for the pupil and the master. "A man complete is never satisfied, a man yet growing fails not to be grateful." After 1918 it often seemed as though Germany possessed none but men who were complete. Never let us despise and repudiate what was once great because it is no longer great. In days gone by we criticized matters that we did not like when to do so was a thankless task. The two questions in the Reichstag directed against the personal power of the Emperor did not come from the Social Democrats but from the Liberals. There was a certain amount of education in compulsory military service. It is strange to observe that the achievements of the army and the fleet only receive candid recognition abroad; all the criticism and malice comes from home.

The reproach often brought against us is that we are a Party of compromise. Let us look back at the past: was it then otherwise? Statesmanship in a divided people can never be other than a policy of compromise, a concentration of all the forces that at any given moment may serve to help matters forward.

We are often asked how we can go with men who are completely unsympathetic to us, who represent views that we do not share. But that is where the national spirit begins—when men are ready to make sacrifices, of the individual, of the Party, and of personal feeling. We are told that our followers will desert us; well, let us await the result of the elections.

In the trenches of responsibility there are more losses than on the Opposition lines of communication. This responsibility was lacking when the Cabinet that bore my name was attacked in the rear from Bavaria. That I call deliberate destruction of the Reich. If on the other hand there be anyone who wants us to rule solely in accordance with the programme of the People's Party, let him see that we are returned with sufficient power to do so. But it is never right to treat a minority as though it did not exist. It was the tragedy of these times that to a Cabinet the task was given of demolishing the achievements of the Revolution, because the

economic life of the nation could no longer endure them, and indeed to demolish them in conjunction with a strong Party whose business it was to represent them to the world.

BUDGET SPEECH IN PARLIAMENT

At the Session of February 28th, 1924, Stresemann dealt with the labours of the Experts Committees and the situation as a whole which had thus been created:

. . . We shall soon find ourselves at the critical date of April 15th, when the Micum agreements run out. A continuation of the deliveries which have to be made to France by the great German industrial concerns on the basis of these agreements is completely out of the question.

It may be asked what will happen if an understanding is not reached. Such an issue would mean, for us, a recrudescence of all the troubles in the occupied territories, the social and political effects of which we saw in all their terrible reality before the agreements were concluded; it would mean unemployment, starvation, and chaos, and a final issue that could not be predicted. But for France it will also involve the suspension of all incomings under the Micum agreements, the effect of which on French currency can be foreseen. Circumstances are impelling us towards a settlement of the Reparations question, they are impelling us towards an understanding. But an understanding cannot be reached on the basis of the creation of a German Reparations province. The foundation of an understanding must be an international settlement of the whole Reparations question, and because the necessity of such a settlement is realized in individual countries much more strongly than before, because it is to-day the common view of all prominent men of affairs, one of our most eminent economic authorities, who has hitherto for many years seen nothing but the failure of his efforts, spoke in the Cabinet of silver streaks on the otherwise dark horizon of foreign politics. Critics in German National quarters see nothing but streaks of mist, and I latterly read an odd, though perhaps somewhat unduly abbreviated, report of a meeting, one passage of which ran as follows: "Count Westarp said: The Foreign Minister speaks of silver streaks on the horizon; they are merely streaks of mist (loud applause)". I can understand everything, but not the loud applause.

I may of course be wrong. You may warn me against unjustified optimism and illusions. You may point out that all our labour hitherto has been but the labour of Sisyphus. True, but even if I had only 5 per cent of hope that something would come of these negotiations it would be my duty and my obligation to conduct them.

For a long while there will be nothing before us but the wearisome and thorny path of ever-renewed attempts at an understanding. As Foreign Minister I must tread this path, and I should like here to call the attention of our many foreign critics to the fact that since August of last year there have not been wanting attempts on our part to reach an understanding with France. These attempts were first made before the abandonment of passive resistance, and have been continued afterwards; and if hitherto they have not led to any really direct exchange of views of an official character, the cause of that is the mental structure, if I may so describe it, of the French Premier, who, after passive resistance had been given up, suddenly decided that it had not come to an end, and that the conditions for an interchange of views did not, accordingly, exist.

If we ask ourselves what are the difficulties that still stand in the way of an understanding on the Reparations question, they partly consist in the fact that France is afflicted by a serious uneasiness, I might say nervousness, regarding Germany. The question of securities is placed in the foreground. It is introduced into economic discussions, as though Germany were proposing to attack France. I may be allowed, on our side, to enquire why, for more than a year past, all suggestions emanating from Germany or from any other quarter, regarding the conclusion of a Rhine pact and further far-reaching securities for France, have hitherto remained without an answer. If it were only a question of security for France, then the international assistance of all States interested in the Rhine must surely offer the greatest security that could be offered; as, for instance, if England, as interested in the Rhine estuary, and the United States in a protective capacity, could be induced to participate in such an agreement. Although such suggestions have been repeatedly discussed, they have never met with any response from the other side. Do they still cherish the hope that better arrangements may be made with a Germany not yet reunited? It must surely have been gradually realized in Paris that a policy of

dismemberment of Germany in conjunction with the Separatists is futile.

It is urged that there is apprehension of a German national movement. The trial at Munich recalls that France on a former occasion made representations to us regarding the dangers that lay in such a movement, which must be regarded as affecting French interests. A few days ago I read in the *Temps* that co-operation between England and France was desirable to impress democracy upon Germany. I wish it could be clearly realized abroad that the best way to discredit a form of government or any political philosophy is to represent its establishment as being to the interest of another country.

It is also very odd to observe the interpretation placed upon the term "national self-determination" in the treaty between France and the Czecho-Slovak Republic. No, if France is apprehensive of a National-Radical movement in Germany at the present time, and if it is represented as ultimately irresistible, and the question is asked how it has arisen, let France remember that all politicians in this country who have striven for an understanding with France have been defeated by French policy. That, in the last resort, is the ultimate and inevitable reason for the movement towards radicalism, which has its roots in the sufferings of the German people, in the physical and spiritual misery of a people which must continue to endure such national humiliations as are inflicted upon Germany.

For that reason, I think, a policy of understanding initiated now by France would best serve to relieve the French Premier from his nightmare of German nationalism.

Le Temps, however, looks at matters from a different point of view, and says that the people are not so sensitive, but are incited by the Government; and it reproaches the German Foreign Minister for the immoderate language that he used regarding the rejection of the Palatinate Note. The *Temps* writes that it is absurd for the Foreign Minister to say that the German people have been driven to despair by the rejection of the Note. I never used any such words in this place, but I must indeed point out that General de Metz's policy is certainly calculated to reduce a people to despair.

In connection with a speech which I made a few days ago, and in which, in the course of a survey of half a century of German

history, I said that we should always look with pride on the old army and the old fleet, and also objected to the allegation that the German nation was incapable of colonization, the French Press stated that this constituted a preparation for a war of revenge. Here I must be allowed to say that the Treaty of Versailles forbids us a great deal, but it can never forbid us to cherish the memory of the great times of the past. It displays such an utterly false psychological conception on the part of our opponents when they think to make moral conquests in Germany by dragging old Germany in the dust. Our peaceful constitutional development would be best secured by an Allied policy that allowed Germany to live, and gave her the possibility of development, and did not, by a policy of destruction, damn to futility all our efforts to progress and to produce. That would be, I think, the best security that France could obtain, stronger indeed than all the treaties she is now concluding.

In the Experts' Conference the United States of America also took part, in the persons of certain eminent representatives. It is, I think, a matter for satisfaction that so great a nation now shows an interest in the settlement of European questions, and does not subscribe to those who once believed that the whole of American policy could be summed up in the words: "No European troubles". We also welcome with satisfaction the signature of the German-American commercial treaty.

Objections have been raised in the foreign committee of the American Senate that the Most Favoured Nation clause in this treaty is too far-reaching. What has caused special misgiving is the fact that the arrangement by which goods imported in American ships receive preferential handling is suspended, and is ultimately to be abolished. We hope that, in spite of this opposition, the Treaty will come into force. We on our side have not secured all that we desired, but a closer study of the Treaty should convince everyone that it is an instrument that will place the future relations between the two countries on a healthy and sound foundation.

We have in the meantime reached an agreement with England reducing the Reparations tax¹ from 26 per cent to 5 per cent. This agreement has already come into force. It creates settled conditions for the German merchant, who now knows what charges he has to meet. This will be all the more welcome as the effect of it will be

¹ Under the Reparation Recovery Act of March 1921.

felt at the Leipzig Fair on the early business of the season. The 5 per cent tax is to be borne by German industry.

I wish I could say that the same sentiment is likely to inspire the negotiations with Poland that now lie before us. In this connection I fear I cannot avoid a certain pessimism. There is still in Poland a very widespread hostile feeling against Germany. Only lately, urgent motions have been brought forward in the Polish Parliament, the object of which was to provide for the ejection of large sections of the German population, and to propose the cessation of the conversations in which we are at present engaged with the Polish Government. On February 12th we began negotiations in Geneva regarding the settlement of the nationality question for large sections of the German-speaking population in Poland. It is regrettable that hitherto no agreement has been reached on this question. Many inhabitants of Poland do not know whether they possess German or Polish nationality, or whether their property is subject to liquidation or not. On this matter, as well as on the colony question, the proceedings of the Polish authorities, as was established by the International Court of Justice at The Hague in the autumn of last year, is not in accordance with the international obligations undertaken by that country. Now that the Council of the League of Nations, as a result of numerous applications from German minorities in Poland, has taken up the matter, and at its last session in Paris in December of last year decided to settle the question by means of German-Polish negotiations under the auspices of the Council of the League, the German Government has expressed itself as very ready to subscribe to this method of settlement. At the same time the Council of the League has suggested special negotiations between Germany and Poland alone on all questions that still remain open between the two countries by the terms of the Warsaw programme of July 1922. The most important of these is the question of the right of option. These negotiations have been somewhat delayed, not by our fault, but they actually started on February 27th last in Warsaw. I cannot yet give any further information as to their issue. I can only express the hope that the negotiations will at last lead to a settlement. The German Government will, in any case, regard it as their duty to continue to protect most carefully the interests and rights of the communities affected.

I have spoken here of an initiative by the Council of the League

of Nations. In connection with the remarks of the English Premier, the question of the entrance of Germany into the League has latterly been the subject of lively discussion. Herr Hermann Müller has also asked the Government what their attitude is to this problem. I may perhaps offer the following reply: The Government of the Reich takes its stand on the idea of international solidarity that lies at the foundation of the League of Nations. These interests are only incompletely realized in the present Covenant of the League. Germany's interests have been grievously injured by the attitude of the League hitherto. None the less the German Government does not refuse in principle to join the League of Nations. The question does not, at the moment, call for any final decision. The Government of the Reich is not aware that those Powers which have hitherto opposed the admission of Germany to the League have altered their general attitude. Moreover no invitation to join the League has reached Germany from any responsible quarter. If the question were to become acute, the Government of the Reich would have to be satisfied that Germany would be treated as a full member of the League, and would, more especially, be assured of a seat on the Council, and also that her actual admission would not be accompanied by any special or humiliating conditions. Apart from this, the Government must bear in mind that the League of Nations can only embody a salutary reality if the aim of universality that the English Premier placed in the foreground is attained, at least for Europe.

STRESEMAN "RENATUS"

From an article by Stresemann in the *Zeit* under the pseudonym "Renatus".

For the historical enquirer the trial¹ now proceeding at Munich is of special significance. More clearly than any documents could do, it gives a picture of the spiritual distress of the German people. The men who there stand arraigned certainly believe that what they aimed at was in the best interests of the people and the country at large. But as great as their patriotism—as they conceive it—is their want of responsibility. They have a vague idea that certain phenomena of the present time are to be combated. Ludendorff sees the enemy more especially in Ultramontanism, and devotes most of his

¹ Of Ludendorff, Hitler, etc.

utterances to contending against it. The object of Hitler's attack is Marxism, and both combine to make war on Judaism. It is strange that a campaign against "International Freemasonry", about which Ludendorff has written in his memoirs, is not included among their activities.

It is notable that all these efforts are directed against ideas, and that these gentlemen do not take the trouble to consider the working out of these ideas in the life of the people. If that were done, even General Ludendorff would know that on all occasions when an appeal is made to the people, an appeal that concerns the vital interests of this land, the "Socialistic Marxists" feel and vote as Germans. If he cares about the maintenance of German unity, he would also know that the maintenance of the Rhineland at the side of Germany, and of Hanover at the side of Prussia, is not to be accomplished without this same "Marxist Socialism", as little as the War of Freedom of which they all dream can be carried through except on the basis of co-operation between all branches of the German stock. The void sphere of ideas makes an excellent battle-ground. In the practical work of every day, matters lie very differently. If Ludendorff wished to carry his war against Ultramontanism into practical effect, he ought to refuse any co-operation with the Centre. Perhaps that is the purpose of the German Popular Party. Perhaps they contemplate a domination in Germany, supported by their irregular levies and by force. They will then very soon find out that practical politics are very different from windy speeches in popular assemblages, or in a Court of Law which has been turned into a popular assemblage, in which the presiding judge allows the spectators to play a prominent part.

Characteristic of all their schemes was the march on Berlin. In this at least they were agreed, that the "unnational" Government must be overthrown. On November 8th this "unnational" Government consisted of members of the more moderate Parties. They were tainted neither by Marxism nor Judaism. This Government created the Rentenmark, set aside the schematic eight-hour day, and was well on the way to restoring order in Germany. Supposing these gentlemen's plan had succeeded, what would they have had to put in the place of this policy? "We will carry the Black and White and Red across the Rhine." How wonderful that sounds, and how little there is behind it! General Ludendorff should surely know that it is impossible to carry the flag across

the Rhine when the army that follows the flag is unarmed. He himself has described a war with France under existing conditions as madness. But if we cannot fight, we must come to an agreement, in order to keep the Reich intact. The gentlemen in Munich trouble themselves little about the outcome. As on the night of November 9th the disposition of the Leaders' bodyguards seemed the most important matter, so, in the case of the Cabinet they proposed to form, they already appointed the Commander of the German army and the Minister of War, but they had not thought of a Minister of Finance. These trifling details would come later. One can understand a man of Hitler's sort being caught by such ideas, but that a man like Ludendorff should place himself at the head of such an enterprise is most disquieting and regrettable.

All these events we have experienced before in the history of our people. One has only to read of what happened in the Wars of Liberation. In the memorials issued by the Diet, which read very like the manifestos of the Pomeranian Land Union of to-day, the King's Ministers were described as men who wanted to change Prussia into a modern Semitic State. A soldier, who subsequently became Prussian Commander-in-Chief, said of Herr von Stein, that he hoped he should live to see that Jacobin's head laid upon the guillotine. The sentiment in Berlin was highly national, and when General Yorck's corps set out for Russia, it was decided to ostracize those families of which any members had remained in Yorck's corps as officers. The *Tugendbund* was no other than an anticipation of our Fatherland Associations. Just as Hitler wants to carry the Black and White and Red across the Rhine, so in his fine idealism Major Schill believed he could carry on a single-handed war against Napoleon, and died an honourable and heroic soldier's death; but he plunged the State that he desired to serve into the gravest embarrassments. Just as in many circles to-day the Reichswehr officers who serve the Republic are despised, so in those days there was no honour in serving the "cowardly King of Prussia". Just as many people to-day see their paradise in Hungary, many in those days emigrated from Prussia to seek their happiness in other lands. Still, when all is said, it was not these men of storm and stress that saved Prussia, but Stein and Hardenberg whom they abused, and who were not the less nationally minded because they had not the word "national" always on

their lips, and were content to work within the limits of what was practicable.

It is so infinitely sad to see all these errors repeating themselves. All these national movements contain a great deal that is good and essentially German. If the young men in their exuberance had thought like Hitler and Ludendorff, one could understand 'it. But the fact that these young men's leaders have deprived them of all sense of responsibility, and at last involved them in a movement that would have destroyed the Reich had it been successful, is the most regrettable aspect of these events.

In German foreign affairs the work of the Experts stands in the foreground. It may be assumed that the Report of the Experts will be ready about March 20th. The Foreign Minister in his speech before the Reichstag set forth the main points considered by the Conference and indicated what would be the attitude of Germany thereupon. The French Press represents the Foreign Minister as being desirous of influencing the opinion of the Experts by his speech in favour of the German attitude. It might, however, be assumed that the German Foreign Minister was to some extent acquainted with the Experts' intentions and had had an opportunity of influencing them before making his speech. In the criticism of German foreign policy the Elberfeld phrase "silver streaks on the horizon" has come in for a good deal of venomous attack. After all our experiences with France the general mood is so pessimistic that anyone who believes in any improvement of the situation is not taken seriously. It may, however, be pointed out that men like Pertinax of the *Écho de Paris* state that the Micum agreements should be fundamentally altered in character, and are also beginning to discuss the question of the return of the railways in the Ruhr, even though any suggested concessions are hedged about with conditions, and what is a genuine retreat of French public opinion regarding the Ruhr is accompanied with attacks on German policy.

French public opinion is constantly taking the view that Germany alone is in a position to relieve the situation by her possession of foreign exchange. The *Journal des Débats* is particularly distinguished for its warnings against a too accommodating policy towards Germany. The plan unfolded by Stresemann is only an apparent expedient, according to this journal. France could neither accept a complete moratorium nor surrender pledges, in so far

as this self-denial was not proportioned to payments received; nor could she transfer the pledges provided under the Treaty of Versailles to the subscribers of a relatively small loan of which France would receive no very considerable share; nor could the German Treasury be allowed to administer funds except under strict control by the creditors of Germany, nor could the proposal be admitted that German industry and agriculture should be relieved by the proceeds of the loan. Private persons in Germany possessed foreign bills that represented a vast capital, and were more than sufficient to provide for the needs of the national industry and agriculture. Stinnes and Thyssen and Co. maintained that they had barely enough Foreign Exchange to buy indispensable raw material for the time being, while in both hemispheres they were buying real property, and undertakings, or shares therein, the total yield from which reached a colossal figure.

If all this betrays an attempt to refurbish the fairy tale of German milliards abroad, the *Information* makes haste to try to influence the Experts at present in Paris, by writing against its own better knowledge that the German Press has raised a concert of abuse against the Experts and has cast doubts on their impartiality. That the contrary is the case, the Experts themselves know. Let us pass over such methods and hold by the fact that the questions of the liberation of the Ruhr and the restoration of the unity of the German system of communications, at least, are in France likewise now viewed with other eyes. We believe that our Foreign Ministry knows itself to be fairly free from illusions. It is probably there realized that English policy which, for example, is often represented by the German Popular Party as anxious to damage France and as very ready to act as Germany's second in the duel, is in reality not trying to overthrow Poincaré, but is on the contrary making efforts to facilitate withdrawal and helping him to save his face. It is also realized in the Foreign Ministry that the question of military control is not so simple as it is often represented to be in leading articles. English policy is at present earnestly endeavouring to mediate between Germany and France, but her main object is to preserve her co-operation with France, and for that she would submit to some sacrifices.

England's attitude towards Germany and France, here touched upon by Stresemann, is made clear in a speech by MacDonald in the House of Commons, in which he said, among other matters,

that he would try to secure a settlement of the Reparations question. In February there was a further exchange of letters between MacDonald and Poincaré. MacDonald wrote:

"... Thus it is that our people look with anxiety on what seems to them France's determination to destroy Germany and obtain predominance on the Continent without consideration for our reasonable interests, and for the future consequences of such action on the settlement of European affairs."

Poincaré said in his reply:

"Those of your countrymen who believe that France intends or has intended the political or economic destruction of Germany are under a delusion. As a creditor of Germany, France would not commit the folly of reducing Germany to extremity. It is to her permanent interest that Germany should work and should produce, and revive once more, and if France does not desire that this revival should lead to a hegemony, that does not conceal any dark aspirations of her own to hegemony on the Continent. She has none of the ambitious designs that are so often ascribed to her and are in contradiction with all the principles of a Republican democracy. No reasonable Frenchman has ever dreamt of annexing any fragment of German soil, or desires to turn a German into a citizen of France. Not for one moment during the peace negotiations, nor subsequently, was such a demand made. France, who fought side by side with England for the freedom of the nations, is as incapable as England of prejudicing that freedom. Apart from Alsace-Lorraine we have never demanded the Rhine as a frontier. We have only asked that Germany should no longer be in a position to use the Rhine on which to base further attacks upon France."

THE DISSOLUTION OF THE REICHSTAG

The Chancellor Marx dissolved the Reichstag with a speech in which he stated that the decrees issued by the Government in virtue of the Enabling Act represented for the Government a unified whole. If, however, the majority of the Reichstag insisted on pursuing a policy that, in the conviction of the Government, was to the disadvantage of the nation, the Government, penetrated as it was by its sense of responsibility for the destiny of the Reich and the nation, considered it to be its duty to prevent further negotiations regarding the emergency decrees, and to appeal to the nation itself to give its decision.

The Government of the Reich stood by its achievements, which had restored peace and security to the German people after the ordeals to which the country had been subjected; which had maintained the currency and once more set in motion the national eco-

nomic life. The maintenance of a secure situation in Germany was the indispensable condition for enabling the German Government to protect the German people's right to live in view of the international decisions that were now imminent.

STINNES' DEATH

On April 10th Stresemann made the following statement to the Berlin representative of the *Manchester Guardian*:

With Hugo Stinnes the strongest power in the economic life of Germany has passed away. He was without question the leader of German Industry and furthermore of the economic life of the country as a whole. We have personalities in our industrial life who can look back to undertakings with a longer history behind them, and who enter public life with a greater tradition than he. But these, too, submitted to his leadership.

Stinnes always had new ideas for any given situation; he conceived a picture of what he desired to achieve and saw in front of him all the possibilities of development. In these ideas he may often enough have been deceived. The course of events proceeded otherwise than his imagination had conceived it. None the less, he never lost courage; when others were at a loss he knew how to point out a way and understood how to carry others with him by his venturesome spirit. His death thus causes a great gap in the economic life of Germany, and it is hard to see to-day how this gap is to be filled. The connections that he created encompass countries, oceans, and continents, and though he surrounded himself with a whole staff of fellow-workers, he himself, at the given moment, gave the sign for what was to be done. He was, indeed, the most remarkable embodiment of the lines of Goethe: "To bring the great achievement into being, one mind suffices for a thousand hands".

The relation of Stinnes to German politics was not viewed very favourably in foreign countries. It is, however, quite false to regard Stinnes as the representative of an especially reactionary attitude of mind. After the War, Stinnes, with Rathenau and some others, signed the appeal of a Democratic association, and in the German People's Party, to the Parliamentary Group of which he belonged, he stood by no means on the Right wing. He was in the first place a convinced Republican and never made any secret of the fact; he

was one of the originators of the Labour Unions scheme that was intended to combine the Trades Unions and the Employers' Unions in a common effort, and he gave expression to his personal esteem for Karl Legien, the leader of the Social Democratic Trades Unions, by naming one of his ships after him. In the German People's Party he stood for the assumption of responsibility by participation in the Government, and he considered the question of co-operation with the Social Democrats from the point of view of pure political expediency. It was a habit of his to use commercial expressions in speaking of political matters, and he once said, regarding a co-operation between the German Nationals and the Government of the Reich, "that the German Nationals were not a political export article in the sense that it was difficult to do foreign politics with them".

He was a strong realist in all questions of home and foreign politics. He sought allies where he found them, and was, for example, one of the first who entered into closer relations with the Soviet Republic, and showed no disinclination to deal with their leaders. He had hoped for and expected a different issue of the conflict in the Ruhr, but at once faced the situation when he recognized that the war was lost. When I was for a short time Chancellor, he advised me to abandon passive resistance, and begged me most urgently not to miss any opportunity of coming to an understanding with France. When resistance had to be given up, and we were subjected to a great deal of violent criticism, he then stood up honourably for his point of view and proclaimed his conviction that the cessation of resistance was necessary. He believed that economics and politics conditioned each other and that the economic prosperity of a country was the aim of politics. On the question of the primacy of politics over economics he did not share the opinion of those who assigned the front rank to politics. On account of the threat to industry in the occupied area, he was much torn by doubts as to whether the salvation of industry in that province did not call for another policy than that which the German Reich inevitably had to follow. Finally, however, as always, he gave his allegiance to the National policy, and his further efforts were mainly devoted to building bridges for a better understanding between the French and German States and nations by association of French and German industry on a large scale. The French, who often saw their greatest enemy in Stinnes, in so far did him an injustice, since he had always applied all his great influence to the possibility of a

Franco-German understanding. He devoted himself to this idea with the greatest optimism, and never gave up what was a favourite conception of his; he worked for it until the last because, after the war had been lost, he thought that an economic association was the best course to adopt.

His character is well known. Even those who saw no advantage for the economic life of Germany in a large association of powerful undertakings, had to recognize that in his case the fight was for an idea and not for personal gain and its exploitation. The man's life consisted wholly of work and devotion to his views. The more his economic interests became involved with the interests of Germany as a whole, the more his economic plans became obviously identified with Germany's prosperity. In this sense he laboured and sacrificed himself for what he understood to be the progress of Germany.

STRESEMAN IN VIENNA

At the reception which the German Minister, Dr Pfeiffer, arranged for him on March 21st, Stresemann said that he had never lost the feeling that he was among German fellow-countrymen; "that here we are vividly conscious of the fact that the spiritual connection cannot be destroyed, and that the deeper our common misery, the stronger are the bonds that unite us". He went on:

Just like you in Austria, we in Germany are plunged in the distress that came after the War. The worst burden that was laid upon us was the fall in the currency and the collapse of intellectual Germany, the proletarianization of the intellectual middle class. Woe to the land that fails in its respect for the intellect. Never are we more conscious of the significance of the spiritual life than here on the soil of Vienna. We are the sons of one people. But we have also become a materialistic nation to a greater extent than was necessary. We have lost a great deal of what we once were—a people of thinkers and poets. We have spoken too much of cotton, petroleum, and coal, and in the process we have forgotten to speak of Haydn, Mozart, Beethoven, and Kant, who were the spiritual leaders of the German people, far beyond the frontiers of the German Reich.

BACK IN GERMANY

Herr Hello von Gerlach came to see me to-day and told me that the United Peace Associations proposed to hold a celebration in

honour of the memory of President Wilson. He was anxious to know what might be the attitude of the Foreign Ministry to this proposal. He thought that it would be desirable on account of the flag incident at Washington.¹ Maximilian Harden was greatly esteemed in America, two essays of his on Wilson being inscribed in the *Golden Book* of the United States.

I told Herr Gerlach that a ceremony at which Herr Harden was to speak was a private function towards which it was not necessary for the Foreign Ministry to adopt any attitude. He accepted this standpoint, and asked whether the Foreign Ministry, in the event of the ceremony taking place, could not see its way to issuing a statement at the Press conference by way of dissuading those newspapers who were hostile to Wilson from at any rate taking occasion to publish articles against Wilson, which might destroy the effect of the proposed ceremony. I said that we could communicate this request to the Press, but that we could not influence every newspaper. He must also bear in mind that the pronouncement would fall within the election agitation, when men's minds were naturally excited. It was my duty to remind him that he might have to reckon with counter-demonstrations. Gerlach replied that the function would take place in the Herrenhaus, and that this choice of a hall precluded the idea of any counter-demonstration.

He went on to tell me that on April 7th he was giving an address in Paris on the subject of the Reichstag elections and the future policy of Germany, and he asked whether the Foreign Ministry desired that any given points of view should therein be put forward. His intention was to make clear in his speech that French policy had greatly contributed to strengthening the movement of the Right, to which I replied that this contention could be put as strongly as he liked.

To Frau Dr Anita Augspurg, Munchen:

March 25th, 1924

In the assumption that you as well as Frau Lida Gustava Heymann have returned from your visit to the United States, I have pleasure in replying to your letter of Feb. 6th as follows:

Quite apart from whether a change of Ambassador in London is at present in question or not, if Prince Hatzfeldt came up for

¹ By a misinterpretation of instructions the flag on the German Embassy had not been lowered to half-mast on the occasion of President Wilson's death.

consideration in this connection, the fact that this gentleman had been expelled from the occupied area would by no means justify the Foreign Ministry in refusing to appoint him. The Foreign Ministry must absolutely decline to penalize any persons because, in the fulfilment of their duty to their Fatherland, they have been active on behalf of German interests in the occupied area. If you designate the appointment of Prince Hatzfeldt as in some sense a provocation to France, you are adopting the view that the expulsion of the Prince was justified, although you can hardly have any definite knowledge of his activities. Moreover, you seem quite to have lost sight of the fact that the expulsion of the Prince was an essential provocation to Germany, against which German women should be the first to protest, before they trouble themselves to consider whether any provocation has been offered to France.

ON THE EVE OF THE ELECTION

Previous to the Party Congress, a meeting of the Central Committee was held at which the differences with the National Liberals were composed. Dr Gildemeister (Bremen) opposed Stresemann, representing the National Liberals. The matter was closed by the Central Committee, as well as the subsequent Party Congress, passing a resolution of confidence in their leader Stresemann.

STRESEMANN'S SPEECH AT HANOVER

Behind us lie four years of parliamentary work, and among them years of responsible co-operation in the government of the Reich. The Reichstag elections, with their conflicts for mastery over the soul of the people, will enable us to recognize whether our labour has been worth while. Let us look forward and apply the lessons of the past to the future. We became a great Party through the elections of the year 1920. When the result of these elections was announced we were at once confronted with the question whether we should take part in the formation of the Government. The question was whether we should remain in opposition or whether we should pass from opposition to negotiation and co-operation. If you ask me whether our attitude of opposition in the National Assembly until the year 1920 was right, I reply that it was. The spirit of the National Assembly was not our spirit. What drove us into opposition was not primarily the economic policy of the

Revolution. The decisive factor in the establishment of an opposition to the spirit of the Revolution was the absence of national feeling in the revolutionary movements. A revolution has never had any success with a nation unless it was founded on a great national principle. On that account we were unwilling to sacrifice anything of the sacred tradition of old Germany.

On that account we stood for and still stand for the old flag of the Reich. On that account we hold fast to the memory of our glorious army and our fleet that have now passed away, and of the pioneers of German colonization, whose civilizing influence was greater than that of other nations that now dispute our right to any colonial activity. On that account, too, the German People's Party will always lead the way against the War Guilt lie, and against any policy intended to decimate the German people or damage its reputation.

At that time we were defeated in the struggle for these principles. We were defeated in the conflict over the first constitution of the Reich, after the war had been lost. We shared in these labours, and our friends, such as Kahl, among others, lent a helping hand as best they could, and where it was needed. We were defeated and had to go into opposition. We then strove in and with the nation to secure a fresh orientation of policy. Then we had to face the question whether we should continue in opposition, or whether we proposed to pass over to responsible co-operation. You know that we decided for the second alternative. I may take this opportunity to bring a historical recollection to your mind. When the new Reichstag had to consider the question whether it was possible to continue working with the Social Democrats, the German National People's Party decided in favour of doing so. Herr Hergt said as much in his statement of policy on behalf of the German National People's Party. Then came the formation of the first Cabinet. The German National People's Party was ready to join the Government. We did everything to secure their admission. The exclusion of the Party was not due to us but to opposition from other Parties.

If it is asked whether the policy that we pursued from 1920 to 1924, of seeking allies where we could and in quarters that seemed to promise the greatest productive work, was the right policy, I must here ask you to consider whether the greatest German statesmen did not do likewise. He who places principle above everything should deposit his wreath not on the monument of

Bismarck but on that of Eugen Richter. It is a symptom of political mediocrity to insist, in all circumstances, on the maintenance of a principle.

Consider the broad lines of economic policy in the new Germany. Bismarck was a convinced free trader, and would have been a convinced protectionist if the economic situation had called for protection. Bismarck knew how to take things as they were and to come to terms with an existing situation. That was a time of relatively peaceful development: we live in a revolutionary age. We must therefore refuse to submit to a charge of want of principle in our policy, especially as we are guided by the idea of national unity in its broadest sense. This did not arise spontaneously; it was the fundamental concept in the programme from which we started, just as in earlier days at Leipzig we insisted on the principle of co-operation between employers and employed.

From the historical point of view, we should certainly be grateful that after the great upheaval in November 1918, when the foundations of society seemed to be tottering, in those months that followed the War, we did not take refuge in the Dictatorship of a single class, unsupported by Parliament. We have to be thankful that in those days the Social Democrats held fast to their parliamentary principles. But this parliamentarianism was by no means above reproach, especially in regard to personal matters, and this fact, and the inevitable reaction that had to follow, did more to damage the parliamentary system than any other errors of which it could be accused. But that is not the decisive factor; the supreme question to-day is, what has been achieved as the result of our policy, and especially in the important sphere of German foreign policy.

In foreign policy we have hitherto pursued a narrow and limited course, and so perhaps we shall continue for a long while. We are going through all the tribulation that must attend the policy of an unarmed nation. We have nothing to do with a pacifism that prides itself on such defencelessness. On the contrary, we feel the profoundest humiliation that disarmament was forced upon us. But just because we adhere to Bismarck's conception of *Realpolitik*, we must demand that those who desire likewise to show allegiance to Bismarck should pursue a *Realpolitik*, and not enter upon a policy of illusion. We gave up the conflict in the Ruhr, and in so doing displayed our readiness to assume obligations within the limits of what is possible. The leaders of the German National People's

Party have repeatedly expressed their agreement with this attitude. In comparison with the recognition in all quarters of the principle involved—and I believe that I am here speaking for all reasonable men—everything else is a question of degree. We declined to have anything to do with a policy that undertook to fulfil what could not be fulfilled. This policy collapsed when the answer to our policy of fulfilment was given in Upper Silesia. Against the invasion of the Ruhr we used the policy of moral resistance. The conflict in the Ruhr collapsed. It was a very serious handicap to our Party that we were called upon to assume office when the only reasonable prospect was a liquidation of the conflict in the Ruhr.

From the war in the Ruhr and the Experts' reports Stresemann then passed to questions of internal and economic significance, and he dwelt on the idea of national unity and the development of the Great Coalition. He spoke of November 9th, 1923, and examined in detail the position of the Social Democrats. Co-operation with that Party had not involved a surrender to Marxism. With their agreement a stabilized currency had been created and order restored in Saxony and Thuringia.

All these things we achieved in those days, in conjunction with the Social Democrats, against a great deal of opposition in their own camp. Then the situation became impossible. It has been observed in jest that this brief Government passed through two or three crises. I am much more astonished that the tenure of this Government was not one continuous crisis. A crisis is the overcoming of a condition of sickness: the Social Democratic condition of sickness as regards the State had to be overcome so that what was contrary to the precepts of that Party, but was a necessity of State, could be accomplished.

But the situation was not clear and the Social Democrats were at odds with themselves. The General Assembly of the Party was to be held on March 30th, but the Party officials did not attend—indeed they could not attend, because they said that this did not represent a success for a united Social Democratic Party.

This Party consists of heterogeneous elements, and it is to-day clear how misguided we were to unite ourselves with men who are not independent, and thus deprive the Party of all its driving force. Even when the Social Democrats were members of the Great

Coalition it was almost impossible to carry on the government with their assistance, because when any decision had to be taken the Cabinet was dependent on whether the Party Committee would carry its proposal at a meeting of the Parliamentary Group by 65 to 60 votes or lose it by 60 to 65 votes. A Party that is not an effective unity is dangerous because it cannot be relied upon at moments when the Government must know whether it can depend on its support. If, as we now see to be the case, Noske has no place in the Social Democratic Party of the future, that is due to the obvious fact that the Social Democratic Party is subservient to its Left wing, because, from considerations of popularity, it must take account of the wing Party. But such subservience to other and extremier elements means disaster. An instance of this was that when prompt action in Saxony produced a momentary lull, Saxon Social Democrats refused their support to their representatives in the Cabinet. We have seen how they tried to overthrow the Cabinet by a motion of want of confidence. In this, the Party made it clear that these radical elements determined its attitude.

So long as this situation obtained, we could not pursue a profitable policy in conjunction with this Party. That is the view that we expressed in January of this year in a report to the Reichstag Group of our own Party, a report which, so far from arousing any controversy, was unanimously adopted by the Reichstag Group, and accepted by the Party Group in the Prussian Diet, and, in which, moreover, the committee of the Party fully concurred. Our policy did not involve an alteration of our fundamental attitude, but a statement and acceptance of the existing situation. The German Nationals are preparing to take over the Government or at least to exercise a determining influence on any other Government. We can only welcome this and express our regret that they have not been able to reach this point a long while before.

If the German Nationals participate in the Government, you will see in a few weeks how very different things look when they have to be dealt with responsibly and not merely expounded at election meetings. A German National Government will not stop the reduction in the number of officials nor diminish the burden of taxation. In foreign politics it will be just as constrained as we are by the consequences of the War that we have lost. If we were to think only of the Party, we could wish for nothing better than to take a holiday from responsibility. But for us in these questions there is no

Party standpoint. We will continue to be guided by the principles that have guided us during the last few years. I am firmly convinced that the policy of a moderate Government of the future will coincide in its more important elements with our own.

I will conclude these observations by saying that I know as well as you do that we are confronted by severe conflicts. We hope that what we have done during this period will prove to be to the advantage of the State. We live in a dangerous age, an age of revolution, such as the world has not yet experienced. In times of distress the people always look for a saviour. They always believe that something marvellous will happen to rescue them. And yet even in such an age as this we can only get forward by practical work. We believe that at such a time and such a juncture nothing is so important as to lay firm foundations for a better future. We cannot begin the building at the top; there is no sense in disputing about the shape of the dome when the lower walls are not yet standing. In order that the dome may ultimately crown the building it is first necessary for the mason to procure and hew the stones.

We shall always represent ideals; we labour in the present that we may some day come to a better future. We should think of this future when we stand upon these our principles, and while the doctrine of a truly national unity is finding wider acceptance. I am glad to think that in spite of many depressing and dangerous manifestations there are signs that a loyal national spirit is not wanting in our country. We do not despair of the future.

REPUBLIC AND MONARCHY

Interview with the Correspondent of the *New York Times*, April 4th, 1924:

I have been attacked in the American Press because it is alleged that my speech shows that I am not loyal to the German Republic. This notion is erroneous. My Party stands unconditionally for the present constitution of the Reich, and has repeatedly stated that it will defend this constitution against all attacks from within. It opposed the *Putsch* movements, and set itself resolutely against the policy that, as a result of incitement to violence, led to the regrettable murders of Erzberger and Rathenau. I spoke very strongly, in

Hanover as well, against the events in Munich, that were specially directed against the Stresemann Cabinet. It was, after all, this Cabinet that under me as Chancellor called upon the German people to combat this movement, and would indeed have resorted to force had not the Munich movement collapsed of itself. It is certainly true that, by the terms of its programme, the view of my Party is that a republic is not the form of constitution best suited to German history and development. My Party did not play any part in the November revolution, nor could it vote for the constitution. But this attitude, which is one of principle, has not prevented my Party from co-operating with the German Government in the work of administration, and all the Ministers whom we have nominated—we have participated in four Cabinets—have done their best for the German State under its present constitution.

Although it is true that in our appeal to the public it is stated that we regard the ultimate aim of our efforts as the establishment of a German popular monarchy, it has been equally often proclaimed that there can be no dispute over the form of constitution for a very long time; that we would never expose Germany to a civil war over this question, and further that any alteration of the constitution could only take place by methods provided in the constitution itself.

If American public opinion thinks it strange that persons who favour a monarchical constitution should co-operate with the German Republic, I must be allowed to point out that history offers many examples of this kind. The French nation declared a Republic after the war of 1870, but chose for its President a man like Thiers, who never made any secret of the fact that he was personally a monarchist, but devoted all his energies to the French Republic. We in Germany look back to a five-hundred-year-old monarchical tradition, and that this tradition is still alive in many Germans of to-day can scarcely be a matter for surprise. Indeed these monarchical opinions are not confined to my own Party, but extend much further to the Left, and may be found in the electorate of the Centre and the Democratic Parties. But this neither will nor should prevent us from recognizing the fact that, as has been stated in a public pronouncement of my Party, the reconstruction of Germany can only be accomplished on the basis of a Republican Constitution, since any dispute on this question could only lead to

civil war and the dismemberment of Germany, and therewith the destruction of any possibility of reconstruction.

It is much regretted in my Party that the transition from Monarchy to Republic was not accompanied by a recognition of the great spiritual values that are to be found in Germany's great past. It is often brought up against me that my Party and myself have remained steadfastly attached to the old German colours, black-white-red. I have been in America, and I know what the stars-and-stripes mean to Americans. Would you think it possible that the American nation, even in defeat, should give up the stars-and-stripes and create a new flag? We have indeed kept the black-white-red colours, with a small inserted jack, for our Merchant Marine. Our fellow-countrymen abroad, who have been for half a century attached to the old German flag, still cling to it almost without exception. The defence of the old flag and the efforts to restore it are not in any way connected with a reactionary attitude of mind, but are merely an expression of the feeling that a nation, especially in misfortune, should not change its flag. But the statement to be found in certain American newspapers, that I am anxious to join the Junker Party, is quite beyond my understanding. In the first place, we have no Junker Party in Germany, and the German National Party, that is consistently and vigorously hostile to me, draws its supporters from the most various grades of society.

The foreign policy for which I am responsible, and which is intended to secure for Germany a possibility of peaceful development through an understanding on the Reparations question—and indeed I have often laid stress on the fact that we must resolutely accept the consequences of our defeat—is vigorously attacked in German National circles. We in Germany propose, in our policy, to face facts as they are, we propose to respect the treaties that we have concluded, just as we demand the same respect for these treaties from our opponents. We ask for no more than a peaceful and undisturbed development of our economic and political life, subject to the recognition of our obligations. But it cannot be demanded of us that we should disregard our country's great past, and not think with gratitude of what we owe to the Germany that was. I am sure that this cannot fail to be understood in a country with so great an historical tradition as the United States of America. Democracy and national pride are not opposed but are complementary to each other. Quite apart, therefore, from whether

we, in principle, regard the present constitution as the sole suitable one for Germany, and quite apart from our attitude to the events of November 1918, we in our Party shall do our utmost to serve Germany of to-day, and loyally co-operate in assisting her development, which is equally important for the establishment of peace in Europe and the economic recovery of the world.

In an entry in his diary under date April 5th, Stresemann writes: "Bad news from Paris". This refers to an interview that Ambassador von Hoesch had with Poincaré on April 4th. Poincaré had in the meantime formed a new Cabinet subsequent to his defeat in the Chamber on March 26th. The German *démarche* was in connection with the Micum agreements which were due to expire on April 15th. Poincaré persisted in his formula, that he was determined not to surrender his pledges until he had received better ones, or ones of equal value, in their place. The Industrials of the Ruhr were in a very good position to prolong the Micum agreements, as they were doing remarkably good business.

ELECTION ADDRESS IN KIEL, APRIL 6TH, 1924

The Report of the Experts Committee is due to appear next week, and it will thus be published before the expiration of the Micum agreements. During those days negotiations will be taking place between the Micum and the German Industrials. It is clear to all the world that Germany is not in a position to undertake the financing operations needed for the prolongation of the Micum agreements. This is also true of the German Industrials. As against French reports to the effect that the German Industrials had declared themselves ready to continue the Micum agreements, I can state positively that the most influential representatives of the Ruhr industry have declared that this was quite impossible. The great English banks have refused all credit to German concerns so long as the Micum agreements persist, as they regard these agreements as calculated to strangle German industry, to absorb its profits, and finally to drive it out of existence altogether. In these circumstances a suitable course of action would have been to try, on the strength of the Experts' recommendations, to get the principle of deliveries in kind, if it were recognized by the Powers, during the moratorium, accepted as the basis for the discharge of French claims, and attempt a provisional solution of the financing question such as has been proposed for the German deliveries in kind during the moratorium,

the financing of which must be secured externally. It may certainly be objected that the Experts' recommendations possess no force as long as they have not been accepted by the Powers. But, after all, a provisional agreement could be established on this question too, if there was a real desire to come to a general understanding.

A few days later, after prolonged negotiations of the Industrials both with the Micum and the Government, the latter agreed on April 10th to the continuance of the agreements for four weeks in the first instance. On April 15th the agreements were continued for two months. In the middle of April, when Stresemann was publicly attacked on this question, he wrote as follows:

If the Press of the Right make use of these events to represent the policy of the Foreign Minister as vacillating, they are completely misled. Accusations of this nature, which in any case can only arise out of a superficial view of the matter, should be entirely confined to the Employers, who are to finance the Micum agreements on their own behalf. A few days before the last negotiations, the Government was informed by those qualified to speak for the great industrial interests in the Rhineland and Westphalia, that those concerned would in no circumstances prolong these agreements. This statement was made the subject of observations regarding the Micum agreements by the Foreign Minister of the Reich in his speech at Kiel. In plain fact the situation was such that a continuance of the agreements could not come into consideration because the credits for the process were nowhere obtainable. Then a wholly new situation arose as a result of the acceptance of the Experts' recommendations by the Reparations Commission. This acceptance made it possible to make credit arrangements that admitted of a prolongation of the Micum agreements. France demanded an unconditional extension of the agreements; but the Industrials declared that they could only consent to a temporary prolongation, and they only agreed to this temporary prolongation on condition that an acceptance of the Experts' recommendations should also place the deliveries in kind upon a different basis. Such was the course of these negotiations. To use them as material for attacks upon the consistency of German foreign policy may be good election tactics, but has nothing to do with the facts.

In his speech at Kiel Stresemann stated:

Press reports to English newspapers from Paris state that there

is talk in France of a renewal of passive resistance in the Ruhr. We must make it perfectly clear that our inability to make certain payments and deliveries, which was recognized at an earlier date by the French Premier himself, is not to be made the starting-point for a new form of passive resistance. Under the pretext that passive resistance had not come to an end, every prospect of reaching an understanding on the Reparations problem was nullified by the French. Is the game to begin again now that the recommendations of the Experts have pointed the way to a final solution of the Reparations question? A solution is only possible if the Ruhr is at peace and at work. But if a new era of coercion is to begin, not merely is the atmosphere essential to an understanding, but its economic basis, greatly imperilled. We have made clear by our expressed desire for direct negotiations between State and State how anxious we are not to destroy the foundation of an understanding. The responsibility for a failure of these efforts will lie with those who make such an understanding impossible.

The *Temps* recently expressed warm approval of the French Premier's policy when he said: "We must begin by being good Frenchmen in order to be good Europeans"; and he added that the supreme desire of France was respect for treaties. Herr Poincaré has made excellent speeches in defence of his policy, but it may well be asked by what international agreements the Micum contracts have become integral parts of existing international treaties, and what Allied nations have subscribed to them.

The French Premier has complained of the tone of German Ministers' speeches and described it as a symptom of the prevailing feeling in Germany. In this matter Herr Poincaré has apparently been misled by erroneous or tendentious reports. It is, indeed, an utter invention to contend that the German Foreign Minister influenced the verdict of the Munich tribunal, expressed approval of Ludendorff and called for his acquittal. No criticism on the part of a foreign Power will prevent a German Minister expressing his respect and esteem for Ludendorff as a Commander; but as a politician Ludendorff must submit himself to the criticism to which everyone in public life is subject, and in my speech in Hanover I used some very harsh expressions about Ludendorff on his political side. To suggest that the Government of the Reich influenced the Munich court betrays a complete misconception of German life.

Attempts are also being made in France to draw the attention

of the world to what are alleged to be German preparations for war, in so far as the "Fatherland Associations" are stated to be in effect armed organizations. I must protest that this also is an error. Patriotic associations, especially of young people, are, as is well known, numerous in Germany; it is equally well known that they have nothing to do with any ideas of a *Putsch*, or of secret armament against other countries. The few leaders of such associations who have played with such ideas I have decisively repudiated, and dealt severely with their irresponsibility.

There is considerable anxiety abroad—not merely in France—as to whether the constitution of the Reich is secure against shocks from within. The constitution of the German Reich is a matter that concerns Germany alone: so far as other countries are interested in it, one thing may at least be said, that those Parties which, by their programmes, do not support a Republican constitution, possess enough sense of responsibility not to subject the Reich, at such a perilous time, to the ordeal of a conflict on this question. The reconstruction of Germany, as the German People's Party made clear two years ago in a pronouncement issued by the Central Committee of the Party, can only proceed on the basis of the present constitution, because any attempt to alter it would involve an upheaval that would itself make any reconstruction impossible. The German People's Party takes its stand upon the constitution; in other words, it will only endeavour to alter the constitution by constitutional methods. But if the effectiveness of those Parties in Germany who are loyal to the constitution is not to be constantly nullified, it is above all things essential that efforts should be made to reach a reasonable settlement of the Reparations question, to secure conditions for Germany that will admit of economic development and political independence, and likewise protect her against a continuance of national humiliations and insults, an example of which has lately been provided by the French Minister for War. Such a policy will dispel the influences which have chiefly contributed to the advance of the extreme elements in Germany, which are far less a product of a German attitude of mind than of the policy pursued against Germany since the conclusion of peace.

That Germany is well disposed to reach a final settlement, provided the charges laid upon her are not intolerable, was also emphasized by the leader of the German Nationals, Exzellenz Hergt, when he stated at the General Assembly of the Party in Hamburg:

"There is no one in our Party who, in full recognition of the overmastering pressure under which our national life was carried on, does not realize that we are called upon to make heavy sacrifices: and there is no one who would not contribute what remains of the free labour of an energetic people to secure a really tolerable settlement".

THE REPORT OF THE EXPERTS

On Wednesday, April 9th, at 10 A.M., the Experts handed in their Report to the Reparations Commission in Paris.

The Report of the Dawes Committee announced as the general principles of the Plan, which was an indivisible whole: the restoration of German economic unity, and the withdrawal or essential alteration of all sanctions that stand in the way of economic production. The whole plan of payment was based on the idea of fixing the maximum payment that Germany could make annually in her own currency. It expressly avoided fixing the total amount of payment once and for all. A Gold Note Bank to be established under a German President and a German Directorate, with a Board composed of seven German and seven foreign members, the Bank to be located in Berlin.

After a moratorium period of two years, for the first of which (1924-1925) the payment of 1000 million gold marks was provided, and for the second, 1220 million gold marks, and a two-year transition period with 1200 millions in the third year, and 1750 millions in the fourth year (1927-1928), yearly payments of 2500 millions were to begin in the fifth year together with additional sums in the following years to be calculated by a combined economic index (called the Welfare Index). The German people were to bear at least as heavy a burden as every one of the allied States. Payments could only be made from the surplus of the trade balance. The decision as to what payments should be transferred abroad was to be made by an agent for Reparations payments. The financing of the deliveries in kind to be carried out in the year 1924-1925 by an international loan of 800 millions. Bonds to the amount of 11 milliards to be issued as a first charge on the State Railways, and to the amount of 5 milliards on Industry. Customs dues and consumers' taxes on alcohol, tobacco, beer, and sugar to serve as special pledges. The revaluation of consumers' taxes as fresh monopolies was contemplated. Special Commissioners were proposed for the Note Bank, the State Railways, and the Special Pledges. Coercive measures only to be applied to Germany in the event of flagrant default in the obligations undertaken. In such a case it was to be the business of the creditor States to reach a common agreement as to the measures to be employed.

The Report of the McKenna Committee valued the German property abroad at the end of 1923 at about $6\frac{3}{4}$ milliards, and the property of foreigners in Germany at about 1 to $1\frac{1}{2}$ milliards. The only method of bringing back this capital was stated to be the stabilization of the currency.

On April 11th the Reparations Commission met to discuss the Experts' Report. The Commission stated, however, that it must inevitably postpone its agreement and refrain from taking any necessary steps until the German Government was ready to assure its co-operation in the Experts' proposals. To this end the Reparations Commission, on the afternoon of the same day, handed a Note to the representative of the German War Burdens Commission, Dr Meyer, expressing a desire to receive delegates from the German Government on Thursday, April 17th, unless it was preferred to send a written reply.

THE GOLD CREDIT BANK

Regarding the Gold Credit Bank, which was an important part of the Experts' recommendations, negotiations had already taken place within the Cabinet and with the President of the Reichsbank, Dr Schacht, at the beginning of March. After one such discussion between the Government and Schacht, Stresemann made the following note for his own information: March 7th.

Schacht began by giving a brief account of the historical development of his idea, the establishment of a provisional Gold Note Bank, his negotiations with the Experts and with the Governor of the Bank of England. As embodied in the proposed draft act, Herr Schacht's ideas had received the approval of the Experts as well as of the Governor.

The capital of the new Gold Discount Bank is to consist of 10 million pounds sterling, of which 5 are to be raised by the Reichsbank and to remain in its possession. These 5 million pounds will be advanced to the Reichsbank by the Bank of England for a year in the first place, with an option for a prolongation of the loan for a further two years; interest, a percentage commission plus the English bank rate. As security for this loan the Reichsbank gives the Bank of England the equivalent in shares of the Gold Discount Bank, but retains the rights arising from these shares, and therefore with the majority on the Board of Directors.

The remaining 5 million pounds will probably be completely taken up by a German Bank consortium, and negotiated on the German and foreign loan market.

The Gold Discount Bank is to be located in Berlin; it is to be administered by the Reichsbank. The issue of notes, which are to be in sterling values, will be limited to 5 million pounds, and must be covered as to 50 per cent by gold and bills. The notes are at any time redeemable by cheques, or telegraphic payments on London, or Bank of England notes.

The Reich will share in the net profit, after deduction of a dividend of 8 per cent, to the amount of 50 per cent.

The Bank of England has, in addition, undertaken to place at the disposal of the Gold Discount Bank a current credit for rediscount purposes of a maximum of 200 million gold marks. In this credit the Association of Merchant Bankers as well as the Dutch, American, and Swiss Banks propose to participate.

At the Cabinet meeting the following objections were raised against the project:

(1) Herr Schacht demanded that the Reich should refrain from according the privilege of issuing notes so long as the Gold Discount Bank existed; on behalf of the Ministry of Finance the request was put forward that the moment the liquidation of the Bank, which the Reich would be entitled to demand, was announced, this restriction on the Government should be withdrawn.

(2) The Ministry of Justice gave expression to misgivings regarding the speculation on the English £ which would result from the constitution of the Note Bank.

(3) The President of the Reichsbank asked for a special scale of salaries for the employees of the new bank; this was refused.

(4) The President of the Reichsbank asked for an indemnity for all subscribers to these shares in respect of misdemeanours in connection with taxation, exchange transactions, and investment of capital abroad. The Cabinet would only consent to grant such an indemnity in the latter case.

After the meeting of the Cabinet there was a ministerial discussion regarding the date of the elections, and the President of the Reichsbank gave some confidential information regarding his negotiations. I took no part in this discussion.

On March 12th Stresemann made the following statement to the main committee of the Reichstag on the question of the Gold Discount Bank:

The question of the Gold Discount Bank was taken in hand by

Dr Schacht immediately after his appointment as President of the Reichsbank, and before the Experts' Committee had taken up their task. In an interview that I had with the English Ambassador our conclusion was that it was desirable that the President of the Reichsbank should get into touch with the Bank of England immediately after his appointment, as there had always been excellent relations between the Reichsbank and the Bank of England. Upon the occasion of these conversations what is now known as the Gold Discount Bank was the main subject of discussion, and the project was then as far advanced as it is now. Then came the deliberations of the Experts and the summons of Dr Schacht to Paris to appear before them. The request that the President of the Reichsbank should explain his scheme to the Experts did not particularly appeal to us, as it merely meant a delay of several weeks in the accomplishment of the plan.

We considered whether it was really necessary to reach an understanding with the Experts on this matter, or whether we should not carry it through even against their will. The Governor of the Bank of England intimated, however, that it was desirable to inform the Experts of the project, as they had another scheme in view, and it was necessary that there should be agreement between the Experts and the President of the Reichsbank. We could not oppose the expressed wishes of the Bank of England on this matter. I still recall very well the conversation with Dr Schacht, and his agitation over the postponement of the whole scheme; he was also afraid that there would be attempts to wreck it.

In the course of these negotiations there was some discussion as to whether such a Gold Note Bank was necessary after all, or whether the questions at issue could not be dealt with by an organization that had been designated as the "Reparations Bank", though the nature of that institution has not hitherto been very clearly defined. In any case, there is still great divergence of view among the Experts regarding the business to be transacted by the Reparations Bank, and indeed there is no agreement among the Experts that such a Reparations Bank is needed at all. In reply to the suggestion that such a Gold Discount Bank was not necessary, Dr Schacht pointed out that it was not known whether and when the deliberations of the Experts would reach a conclusion, and whether and in what form the resolutions of the Experts of the Reparations Commission would then secure the agreement of the Government.

You will recall that at that time—I believe I am not wrong in thinking that this was the occasion—when the Experts left Berlin, we extracted from them a resolution that the efforts to establish a Gold Discount Bank should be pressed forward without regard to the further course of their deliberations.

This, therefore, was what happened; we should not have obtained the support of the Bank of England if we had insisted on the contention that this was a question that did not concern the Experts. This would indeed have been quite impossible, after we had expressed ourselves ready to discuss the entire currency problem with the Experts.

Immediately we receive the report of the Experts Committee we shall have to decide whether there will be any economic or political advantage to us in accepting and adopting the proposals of the Committee. I may perhaps say that the Ambassador of a great Power said to me that when we received the Experts' Report we should do well to express our immediate agreement with its proposals, with a view to isolating France. I of course replied that it was out of the question for the German Government to express any agreement with the Report, the terms of which it did not yet know; we must preserve complete freedom of decision regarding the Experts Committee.

Whether, in the Reparations Bank, we have an instrument that may serve us to liquidate the Gold Discount Bank or provide for its absorption into the Reparations Bank is a question that may well be decided when the scheme is before us.

STRESEMANN ON THE WORK OF THE EXPERTS

In a speech at Schneidemühl Stresemann made the following statement regarding the recommendations of the Experts: April 12th.

In the next few days the Government will, at the instance of the Reparations Commission, make known its views. The Experts' Report undoubtedly shows an effort to grasp the situation in Germany from the economic point of view and is inspired by reasonable and business-like considerations. It calls upon our people to assume heavy burdens, and to permit foreign co-operation in the administration of the most important property of the Reich, the State Railways. If it is to be considered whether Germany shall assume responsibility for the fulfilment of these conditions, this is

only possible if the economic, fiscal, and administrative sovereignty of the Reich is completely re-established within our territory. Only on the understanding that the sacrifices to be endured by the German people are mainly for the benefit of the population of the occupied area, and that a period of quiet and peaceful development is guaranteed to the German Reich within undisputed frontiers of German sovereignty, can the Experts' Report be regarded as the basis for a discussion of the proposed co-operation in the settlement of the Reparations question.

GERMANY AGREES

The Cabinet discussion on the Experts' Reports, which was fixed for the 14th April (Monday), was preceded by a conversation with the Premiers of the various States of the Reich. In the Cabinet itself the decision was taken on the morning of the 15th. In agreement with the Presidents and Premiers of the constituent States of the Reich, the Cabinet decided to answer the enquiry of the Reparations Commission in the affirmative. The answer followed in writing in the form of a Note which was published on the 16th.

In this connection conversations took place with the Party leaders. The representatives of the German National People's Party, Schultz-Bromberg and Count Westarp, both members of the Reichstag, complained that the Government ought not to make a statement just before the elections in such terms that the country would be committed to further negotiations. On April 16th Dr Meyer delivered the answer in Paris; the German Government regarded the report as providing a practical foundation for the speedy settlement of the Reparations question.

THE ALLIES ON THE EXPERTS' REPORTS

On April 26th the replies of the Allied Powers were made known.

The French reply differed from the communication that Poincaré had addressed at the beginning of the same week to Barthou, and which he withdrew at the latter's desire. It was, however, still ambiguous, and served the purpose of gaining time for the evacuation of the Ruhr. The Governments could only interfere when they knew definitely what practical effect the Reparations Commission would give to the proposals of the Experts. They must equally have good grounds for assuming that the German Government on its part had taken the required preliminary measures to carry out the views of the Committee. The German Government could not be treated on the same footing as the Allied Governments.

In the view of the English Government the recommendations of the Experts did not represent any reduction in the total of the Reparations debt. The necessary modifications of the London plan of payment lay within the competence of a unanimous decision of the Reparations Commission, and did not call for any special authority from the Allied Powers represented on the Commission. The specific recommendations of the Experts that fell within the competence of the Allied Governments were, in the English view, as follows:

(a) The restoration of the economic and fiscal sovereignty of the German Government over the whole of German territory.

(b) The necessary steps for making effective the new guarantees and measures of control, so far as they are not applied through the existing provisions of the Treaty of Versailles.

(c) The concentration of all the payments due from Germany under the Peace Treaty into an annuity (yearly payment).

With regard to the first point the English Government was ready to give full support to the proposals of the Experts, and in consultation with the other interested Governments to take, with the least possible delay, all the necessary steps to secure complete restoration. With regard to the second point, when the German Government had expressed agreement, nothing remained but to give formal effect to the agreement. With regard to the third point, the English Government accepted the recommendation of the Experts, and was ready to ask the Reparations Commission for a proposal for a plan to give effect to this point.

The Italian Government, too, was disposed to accept the decisions of the Experts, and the principles inspiring them, as a whole, in so far as they applied to Italy. The Belgian Government also expressed its acquiescence; and the Ministers Hymans and Theunis, who had been received by Poincaré (April 28th), asseverated that there was no fundamental difference of opinion between him and them, although an unnamed Belgian authority, mentioned by the *Information*, uttered a warning against "personal predilections", by which the aim is never achieved. Belgium then made a compromise proposal, which Poincaré, under pressure from both Foch and Tirard, was disposed to accept. By this, France was prepared to display a spirit of reconciliation, and consent to an alleviation of the "pledge-guarantees", as soon as the necessary laws were introduced into the Reichstag and the Reparations Commission pronounced that the Experts' plan was practicable.

THE CENTRAL PROBLEM

An article by Stresemann in the *Zeit* entitled "Political Easter":
Politics know no Easter Events seem to fall over each other.

More rapidly than was believed possible, the Reparations Commission has, for its part, accepted in principle the recommendations of the Experts. A few days later (April 17th) the Commission applied to Germany to draw up the preliminary laws that would be involved by the financial and currency measures in the Report.

In the meantime the Entente Powers were requested by the Reparations Commission to declare whether they proposed, as States, to agree to the Report. It may be further assumed that the negotiations regarding the loan to be provided for Germany for the first basic year have already begun. The English Government has made no secret of the fact that it favours a speedy acceptance of the Report as a whole, and it would seem that England is setting the rapid *tempo* at which events are moving. Germany will therefore be shortly faced with great decisions. A part of Germany's future is undoubtedly at issue; indeed I can agree with Dr Helfferich when he says that in this decision the destiny of Germany is at stake. On that account all official Departments and all organizations would do well to consider their attitude to this decision. It would be an excellent thing if the leaders of the great Parties, and organizations such as the Land Union, would publish pronouncements and thus define their attitude to the Report. Only such a definition of views will make it decisively clear whether there is a desire for a responsible policy, or whether the attitude is one of mere criticism.

To criticize this Report would be infinitely easy. It would be the simplest task for the German Government to frame a counter-report to the Report of the Experts. Many points in the observations contained in the Experts' Report could be called in question from the German point of view. The only question is whether the decision lies here or whether it does not lie in quite other matters. The scheme of the Experts has been accepted by the Government of the Reich. When the Government declared that it accepted the Report as a practical foundation for a rapid solution of the Reparations problem, it thereby essentially recognized the demand of the Experts that general security for the German payments should be provided by pledging the State railways as the basis of a Reparations arrangement, by the creation of a currency bank, and by the establishment of a charge on industry. So much is obvious. But it should not be forgotten that there are already in existence very valuable special mortgages against our obligations to pay.

Many criticisms read as though the Government had readily

assumed responsibility for payments, whereas we are to-day quite free from encumbrances. Against such a statement of the case may be set the plain fact that the occupied territories have been squeezed dry in the capacity of Reparations provinces—the Micum agreements involve the yearly payment of more than a milliard gold marks, and the costs of occupation work out at about 400 million marks—and that industry in those parts is only in a position to fulfil the Micum agreements by the aid of credits on the most onerous conditions and by continued sacrifice of its own substance. A customs line actually separates the occupied area from the rest of Germany. This exploitation of particular territories as Reparations provinces has been consistently opposed by German Governments. The proposals of Dr Cuno during his Chancellorship in May and June of last year contemplated payments by the German State railways and a charge upon German industry. What was the purpose of this offer by Cuno? After all, such a proposal from a Cabinet which was in fact supported by the German Nationals, was intended to redeem the pledge represented by the Ruhr, by these more general pledges, because there was no force at the disposal of the Government for that purpose and because we could not reckon on the intervention of other Powers in our favour. Dr Helfferich, for his part, supported Cuno's programme of taxation almost with fanaticism merely in order to keep the Government in power. But the Cuno Government directed all its efforts to securing acceptance of the proposals put forward by the American Secretary of State, Hughes, in accordance with which international experts were to report on the payments to be made by Germany. The Cuno Government offered to "accept the decision of an impartial international body regarding the amount and method of the payments to be made". Why, therefore, does Dr Helfferich direct his criticism against the German Government, which is merely following up the proposals put forward by the Cuno Government at that time?

The central problem is really this: Are we to go on enduring outrage and enslavement in the Ruhr and in the Rhineland, are we to look on while Poincaré realizes his threats, and watch valuable German property being turned into organizations administered by officials, or are we to make an attempt to liberate the occupied areas by a comprehensive mortgage on industry and the State? We are thus fighting to free ourselves from the economic fetters laid

on the occupied and the unoccupied territory of Germany. We are fighting, just as much as the Land Union, for the restoration of justice and freedom; we are fighting for the freedom of administration in the occupied area, and above all for a different attitude on the part of the world towards Germany, which we urgently need for the peaceful development of our future.

Herr Helfferich's main point in his criticism, that appeared in several papers on Friday last, is that we are now confronted by a united Allied front, which did not exist on August 11th when England protested to France against the invasion of the Ruhr and demanded the withdrawal of this act of injustice. It is Dr Helfferich's purpose to represent England as at that time anxious to encourage the German Government, and sharing our attitude to the French. But anyone who is acquainted with the facts knows that it was England that advised us to break off passive resistance; that it was England that expressed her inability to give us the slightest support in the maintenance of passive resistance; and finally that it was England that blamed us for so foolishly delaying the abandonment of passive resistance, and thus bringing us into the position in which we now find ourselves. England has indeed not altered her views of the merits of the case. But to represent matters as though England had been ready to allow the situation to develop into a serious conflict with France is completely to distort the state of affairs at that time. Since August of last year England has given good advice to Germany in various matters, and left no doubt as to the importance she attaches to improving the present intolerable state of affairs in Europe. England was especially forward in the support of the Experts' Committee. But if Herr Helfferich lays so much stress on the connection with England not being severed, as he and Herr Hergt are so fond of urging, he must not pass over the fact that the English Government made it perfectly plain that they saw in the Experts' Report the key to the pacification of Europe, and expressed their anxiety that this Report should be adopted without further negotiation.

It is true that the proposals of the Experts contain provisions that are hard to bear. We lose, as indeed Herr Helfferich has pointed out, a large proportion of our sovereignty in financial matters; we no longer possess the Prussian bank nor the Reichsbank as previously existing, nor the State railways. But let Herr Helfferich consider how matters stand to-day. Part of the Reich railways is

completely in French control, a large section of the lines are separated from the rest, a section which in peace-time contributed more than a quarter of the surplus; to-day the industry of the occupied area is exposed to all the miseries of tyranny and extortion on the part of France, and there is a real danger that as a result of a merely negative policy, there will, at any rate for some time, be no prospect of restoring the unity of the German Reich even in the economic sphere alone. In the last resort, everyone who surveys the course of political events must surely say to himself that the maintenance of the Reich is and should be the object of our efforts, if we conceive of any future for Germany. The line of development is perfectly steady. The united front of the Allies, of which Herr Helfferich speaks, shows itself also in the fact that the Allies as a whole and the United States of America are unanimously of opinion that the economic unity of Germany is the essential prerequisite of German payments. No utterance in an election speech can put a different complexion on this fact. The united front of the Allies is also displayed in the fact that what is an economic commonplace, but had never been applied to us, is now openly admitted—that Germany can only make these payments abroad from the surplus of her trading profit and her taxation. It is shown further in the proposal that the German payments are not to increase after they have reached, as a whole, 5 milliard marks. Herr Helfferich must know very well from his experience of international finance what it means for the development of a country when other countries participate in that development. He is enough of an expert in economic affairs to realize that international indebtedness involves not only the usual slavery of debt, but the interest of the creditor nations in the debtor country.

The German Government decided to approve the basis of the Experts' Report. We did so in complete realization of the responsibility that we were undertaking thereby. We, like our critics, are also convinced that only by the utmost exertions can we produce the payments that are demanded of us. We also know what it means for a country like ours, with impaired credit and in sore economic distress, to be assured of peaceful progress during the years of partial moratorium, we who have never yet known peace at all, and for whom peace has hitherto meant war by other methods.

The German Government distinguishes very exactly between the economic and the financial questions embodied in the Report,

and questions that must be regarded as matters of sovereignty in its broadest sense; and those, too, that must be described as questions of honour, which, if they are not solved, will prevent the establishment in Germany of that psychological atmosphere that is essential for definitely carrying through these proposals at the decisive moment. On such a practical foundation the great majority of the German people should be able to combine.

THE DAWES REPORT AND THE ELECTIONS

Stresemann in a speech at Magdeburg on April 29th:

The Report of the Experts says that Germany cannot be forced to make any payments during the first three years. During the years of the moratorium nothing must be paid out of the German Budget, because every such payment would be accompanied by a risk to German currency, and because it is obvious that the German Budget cannot produce anything to meet the burden imposed on the country by her late enemies. This involves the end of a lie just as that regarding War Guilt. Poincaré tried to justify his occupation of the Ruhr and his policy in general in the eyes of the world by saying that Germany could pay but would not. The Experts reply: That the Germans cannot and must not. If Germany made payments in the existing circumstances, her currency would be wrecked. This disposes of the strongest moral reproach that has hitherto been brought against German policy. The Experts say that Germany can only pay Reparations if she is in possession of unconditional economic, financial, and industrial sovereignty over the whole territory of the Reich, which means the exclusion of other interests. Germany must again be placed in control of her whole territory. Payments cannot be demanded of Germany as long as she has not a free hand. The Experts said: We are not concerned with policy, we are mere economists. In reality they have grasped the centre-point of the European problem. In a third document entitled "Military Questions" the Experts say the economic life and the productivity of Germany must not be limited by any other form of control than the economic control herein proposed.

We have coined the phrase: "*Through work and sacrifice to freedom.*" It is of course open to anyone to say: Nonsense! Through power to freedom! Give me the power! But if I have not the power I must take what I need to achieve freedom. There will be hard

struggles over the return of the exiles, and the re-establishment of complete German control over the railways in the occupied area. In my opinion, if we accept the Report we should take care that these political conditions are fulfilled, and also secure the return of all the prisoners that France still holds as a result of the war in the Ruhr, the Polish insurrection, and the occupation of Upper Silesia. On this account my view is that we should undertake the payments demanded of us, in so far as they are feasible, for the sake of the liberation of the occupied area.

We in the Cabinet were clear that it would have been foolish, when we were asked whether we proposed to take the necessary steps to put the Plan into operation, if we had replied that it was unacceptable. We should then have had the whole world against us and Poincaré would have had a free hand against us. Our affirmative answer was not at all welcome in Paris. It will be said that we have often been deceived. That is true, but the participation of the United States on this occasion suggests a better prospect that these proposals will be carried through. I am very sceptical as to whether England is in the position to do much against France. It is quite false to say that the Government's policy was inspired by a fear of what might happen if we said No. It was indeed born of our sense of responsibility that, at this juncture, when we have no other power at our disposal, we should begin by doing our best to secure at least a few years of quiet and peaceful development, that we should know where our frontiers lie, that Poincaré should not be able to occupy German soil as he would like to do, and that we should re-establish close relations with the twelve million Germans in the occupied territories.

In all these conflicts since 1918 I am far less disposed to see questions of a financial and economic nature; I am so constituted that I believe that political questions take precedence over economic questions and not vice versa. The decision that confronts us is, whether the policy of Louis XIV is to be carried out in the twentieth century, whether France is to remain on the Rhine and continue to own the whole economic area of the Ruhr, the greatest armourer's workshop in the world, and exploit it for her own imperialistic purposes, or whether this French imperialism is to be broken and the unity of the Reich restored. Because I to-day place policy before any questions of finance, I say that it would be a pitiable Government that did not do its utmost to get back the Rhine and the Ruhr.

From this point of view our procedure has been the only right one, and, furthermore, in the progress of events it offers a prospect of re-establishing the country as an effective political unit. It is not the case, as is so constantly stated, that we are assuming new burdens. In place of the burdens we have borne hitherto, as a result of the Micum agreements, the Military Control Commission, the Reparations payments, and the cost of occupation, which together work out at more than $1\frac{3}{4}$ milliards, we are assured of a moratorium, which will serve to ease our budget, and we may be able to revitalize our industry by means of the credits that will accrue to the Currency Bank. Such is the plain question that confronts us, apart from the great political question which I see in the distance.

III

AFTER THE ELECTIONS IN GERMANY AND FRANCE

THE GERMAN ELECTION RESULTS

IN the election of May 1924 the German People's Party received only 45 mandates as against 66 in the previous Reichstag. The constitution of the new Reichstag was as follows:

United Social Democratic Party	100
German National People's Party	95
Centre	65
Communists	62
German People's Party	45
German Popular Freedom Party	32
German Democratic Party	28
Bavarian People's Party	32
Bavarian Peasant's Union	10
Agrarians	10
German Hanoverian Party	5
German Socialist Party	4

Stresemann, who was chosen as first candidate in his constituency, Berlin III, also appeared in the first place on the Reich list of the German People's Party, and accepted the mandate on the Reich list. Von Kardorff received the mandate for the constituency.

POINCARÉ'S DEFEAT AND RESIGNATION

The French elections of May 11th destroyed the foundations of Poincaré's Government. Out of his previous 425 seats, he retained only 218. The left block led by Herriot, together with the Republicans of Briand's following and the Independent Communists (Extreme Socialists), held 366 mandates. The radical Press at once began a campaign against President Millerand.

On May 13th Poincaré informed Millerand that on June 1st (the constitutional final date of the session of the Chamber), he would offer the resignation of his Cabinet as a whole. He would not visit MacDonald at Chequers.

AMERICA AND THE GERMAN ELECTIONS

Note by Stresemann:

May 13th, 1924

The American Ambassador Houghton came to see me to-day to ask for some information regarding the formation of the next Government. The raising of the loan that is necessary for the fulfilment of the Experts' recommendations was not proceeding under very favourable auspices. Indeed the reports of American bankers rather tended to show that it was very difficult to interest the American public in the loan. A condition for the success of the loan was the acceptance of the Experts' recommendations, and their acceptance without reservations. Hughes had asked him whether he might definitely rely on the fact that the Report would be ultimately accepted. He had said that it would, but he would like me to tell him whether this view was correct.

I told him that his view was still accurate. Within the German National Party there were certainly conflicting points of view; but I had no doubt that either the German Nationals would give way and consent to tolerate the Report, or that, as the result of a dissolution of the Reichstag, or a plebiscite, they would be defeated.

Mr Houghton mentioned that he had himself spoken with a leader of the German National Party, who had expressed the view that the Experts' Report must be accepted.

I also took occasion to point out that there must be a clear understanding as to the date on which the Ruhr would be evacuated, as we could not withstand public opinion if the nation became convinced that the French intended to remain in the Ruhr. Mr Houghton said that he would come again on the following Monday, in the hope that I should then be able to tell him something definite about the formation of the Government. My statement that a Hergt Cabinet was probably not to be anticipated, he received with obvious satisfaction.

THE FUTURE CABINET

To Otto Hembeck, Ludenscheid:

May 13th, 1924

As regards the new Government, we are to discuss it on Wednesday in the Parliamentary Group and at the Party Committee. We

all took the view that the German Nationals must be forced into a position of responsibility, though we were very doubtful whether they would assume it themselves, as there is a great deal of dissension within the Party, and the more reasonable members of it, who realize that we must now advance on the basis of the Experts' Report, do not know whether they can command a majority within the Parliamentary Group. Unanimity in foreign policy is an essential prerequisite for the formation of any Cabinet.

The Cabinet will probably resign before the Reichstag assemblies. The process of forming the new Government will then show whether the German Nationals have been able to reach agreement among themselves on the matter of foreign policy. A Cabinet under the leadership of the German Nationals should not be a possibility, as the Committee of the Centre Group has decided that they would take no part in such a Cabinet. So far as I can envisage the situation at present I think that a Moderate Cabinet under the leadership of the Centre and including the German Nationals and the Bavarian People's Party has the best prospect of success. But we are still rather groping in the dark as to the position of the German Nationals on the decisive questions.

On May 14th the Parliamentary Group of the German People's Party and the Committee of the Party held a meeting. As a result, there was complete agreement regarding the dependence of the internal situation on a solution of the great international problems, and also as to the necessity of maintaining the broad lines of existing foreign policy. The state of affairs, both at home and abroad, made it essential, as was stated in the *communiqué* issued, that all moderate and constitutional parties should hold together.

On May 15th the Cabinet met and held a long session. The Government, in the face of the attitude of the German Nationals, who called upon them to resign, decided that their duty was not to hand over the business of the Government before the Reichstag had assembled. Their attitude regarding the Experts' Report was shared by the Social Democrats, the Centre, the German People's Party, the Democrats, and the Bavarian People's Party, which in the new Reichstag, too, controlled in any case a far larger number of votes than any possible opposition composed of the German National People's Party, the Communists, and the Populists. No clear and binding statement had as yet been issued by the German National People's Party as to their attitude to the Experts' Report. In fact, from day to day there was more and more uncertainty as to their views on this matter, which had become the centre-point of German

politics. The German National People's Party could very quickly have cleared up the political situation if they had been willing to give an answer to the questions constantly put to them as to what was their attitude towards the great issues of German foreign policy. That, too, would be the best preparation for the forthcoming formation of a Government.

On May 19th the German National Parliamentary Group addressed a communication to the Parliamentary Groups of the Centre, the German People's Party, and the Bavarian People's Party, in which it was stated: "The result of the elections and the situation thus created in regard to both home and foreign policy call, in our view, for immediate preliminary negotiations regarding the formation of a Government". And it was suggested that a combined meeting should take place on May 21st at 10 o'clock in the morning.

HOUGHTON AGAIN VISITS STRESEMANN

Note by Stresemann:

May 19th, 1924

The American Ambassador to-day discussed with me the question of the formation of the Government. I told him that the situation was still far from clear and that the decision depended mainly on what attitude the German National Parliamentary Group adopted at their meeting on the following day. The Ambassador expressed his fears regarding the fate of the Experts' Report. He could not shake off a strong sense of anxiety when he reflected on the announcement of the German National People's Party to the effect that they did not regard the decisions of the Government as binding on them. When a Party, with six million voters behind it, makes such a declaration, it becomes a question whether a loan can be granted in the face of so doubtful a political situation. I pointed out to the Ambassador, however, that this declaration did not refer in any way to the acceptance of the Report by the Reichstag or by a decision of the nation at large, but possessed only a temporary significance in the event of any attempt to commit the nation by the present Government before the Reichstag had assembled.

The Ambassador further laid stress on the fact that it was not possible to accompany the acceptance of the Report by any reservations. He discussed the question of the prisoners, and proposed that a statement should be issued to the effect that the state of feel-

ing that was essential if the Experts' Report was to be carried out with goodwill was rendered impossible for a nation when tens of thousands of its citizens had been robbed of their freedom. He was convinced that such an argument would be completely understood in America, and he even believed that its validity would be recognized in France.

RESIGNATION OF THE MARX CABINET

On May 26th a Cabinet meeting took place in Berlin, as a result of which the following announcement was issued:

"The Government decided at its meetings on May 6th and 15th, 1924, to remain in office until the Reichstag assembled. Following upon this decision the Government has again considered its position, and has unanimously resolved to submit its resignation to the President. The President has accepted the resignation and requested the Cabinet to carry on with official business for the time being."

The People's Party Parliamentary Group stated, after a meeting, that they had, in accordance with the attitude of the Ministers Stresemann and Jarres, unanimously agreed to demand the resignation of the Cabinet to clear the way for the constitutional duty of the President to initiate the formation of a new Government that should represent the new parliamentary situation.

The German Nationals issued an official Party *communiqué* to the effect that it was the general view that the Party should respond to the call of the electorate and take an active part in the business of the Reich, so far as this was not made impossible by the conditions laid down by other Parties. On that account the Group had decided not to announce any reply to the coalition Parties which should shut the door to any negotiations over the formation of a Government. A certain continuity with the retiring Government must be secured. The Group expressed the view, however, that the German representatives must not have their hands tied in their negotiations with other countries. They must not have their foreign policy prejudiced by previous material decisions.

THE MAIN LINES OF FOREIGN POLICY

In connection with this statement by the German National Group, the main lines of foreign policy were laid down by the Government Parties (Centre, German People's Party, and Democratic Party) with the assistance of Stresemann. In the second section it was stated:

"We assume that the Report will be recognized as a single and indivisible whole by the other nations, that it will be interpreted with goodwill, and that not only the restoration of our sovereignty in trade and industry, finance, and administration, but the maintenance of the new German currency in international payments, will be guaranteed.

"The solution of the Reparations question by the international report means the restoration of all the treaty rights of the German Reich, and therewith the liberation of all territory the occupation of which is not authorized by the terms of the treaty, and the restoration of the Rhineland agreement¹ for the territory occupied under the treaty, and the protection of the legal rights of the inhabitants. We expect that the Government will press for and secure these liberties."

The Parties declared that they were united in the strong national will to support the Government in a foreign policy conducted according to the above principles, and would help to secure the legal measures needed to carry it out.

A NEW MARX CABINET

On May 28th the President again entrusted the previous Chancellor, Dr Marx, with the formation of a Cabinet. Dr Marx was again to try to form a Cabinet on the broadest Moderate basis, after the German Nationals had declared that they were prepared to co-operate honourably in the attempt.

The German National Group stated in their pronouncement:

"The German National Group cannot forbear from pressing that there should be a change of direction in the home and foreign policy of the Reich, and that the constitution of the Government should offer visible guarantees to this effect. For this reason the Group has urged the Tirpitz solution.

"The negotiations pursued by the previous Chancellor, Dr Marx, as concerning the presumed change of direction in Prussia, offer no guarantee, and the German National Group does not anticipate any success from the continuance of these negotiations."

Stresemann to the Chancellor, Dr Marx:

June 2nd, 1924

DEAR CHANCELLOR

With reference to the interview I had with you on Ascension Day, in which I said orally that in your negotiations regarding the

¹ The separate instrument signed at Versailles on the same day as the Treaty of Peace, providing for the administration of the territory occupied under the Treaty.

formation of a Cabinet you were not to take any account of my personal position, I should like to repeat this statement in writing. With sincerest esteem, yours very truly, (Sgd.) STRESEMANN.

EVACUATION OF THE RUHR: PRISONERS: MICUM AGREEMENTS

Note by Stresemann:

June 4th, 1924

The American Ambassador came to see me to-day and introduced Mr Logan, who wanted to discuss the situation with me confidentially. In the course of conversation Mr Houghton mentioned that Mr Logan would probably be appointed Commissioner-General for the fulfilment of the Experts' Report; this Mr Logan disputed, but in such a way that made it clear that he counted on this appointment.

In the course of the interview, Mr Logan remarked that Herriot (leader of the victorious Left block at the French elections and future Premier) did not know that he was in Berlin and had seen the Chancellor and myself. He asked that this interview might be treated as entirely confidential. He knew Herriot very well, and had had repeated opportunities of talking to him. Within a short time Herriot and MacDonald would meet, and he assumed that an agreement would then be reached as to the settlement of the immediate issues in foreign politics. He was especially anxious to hear my views as to how Herriot could lighten the task of the new Government that had now fortunately been constituted.

Upon this I took the opportunity to acquaint Mr Logan with our political situation. The financial and economic provisions of the Experts' Report would in my opinion gain a majority in the Reichstag, as the German Nationals would hardly dare to reject the Report without running their heads against important and extensive industrial and agricultural interests, by which they are mainly supported. But it would be impossible, in spite of the general realization of the necessity of accepting the economic and financial conditions, to get the Report through, unless the questions of honour were settled. There were in Germany perhaps 500 persons who had read the Report. But millions of Germans knew that prisoners were languishing in French gaols, and that tens of thousands were prevented from returning to their homes. Unless the Ruhr were freed from military occupation, the German people could not

be satisfied with the new conditions. I myself had conducted the election with the appeal: Through sacrifice and labour to freedom. But as long as this freedom was not visible, there would be no satisfying public opinion. It would be best if the prisoners could be freed before the acceptance of the Experts' Report. Similarly, the exiles should be given the option of returning to their homes. In connection with the liberation of the Ruhr area I understood that Herriot desired to wait until the necessary laws regarding railways, banks, etc., had been passed in Germany and the acceptance of the Experts' Report had been secured. As soon as this was secured and France then realized that she could reckon on her share of the payments, the military occupation of the territory must be brought to an end, a proceeding which Herriot could defend by urging that the productivity of Germany was thereby weakened. In any case the military occupation must cease before the end of the year.

Mr Logan expressed his entire agreement, and had already stated his views regarding the question of evacuation, which more or less coincided with my own, but I thought I could detect Herriot's own views in what he said.

With regard to the prisoners, he distinguished between two categories: political prisoners and deliberate rioters. Upon this I said that my political difficulties would in no way be relieved if 1500 prisoners were released and 50 left in gaol. I could not object if the Opposition refused to regard the rioters as common criminals. August Bebel himself, upon the occasion of the Boxer Rising, had emphatically refused to regard as criminals the Chinese who were defending their country against a European invasion. Not only in Social Democratic quarters would such a settlement give great satisfaction; in the case of criminals who had transgressed against German laws, they could be transferred to German gaols and judged by German courts.

I recalled the shooting of Schlageter, which had actually rekindled the Nationalistic movement, which was the same grave political error that Germany had committed in having Miss Cavell shot.

Houghton raised no objections to my remarks; and they seemed to make some impression on Logan also.

Logan then asked me what were our anxieties regarding the railways; it seemed to him as though the Ministry of Finance was

anxious, from considerations involved in the payment of wages, that they should not be entirely withdrawn from Government control. I told him that I was not exactly informed on these matters. But in any case an understanding must be reached regarding the payment of railway officials and of other officials of the Reich connected with the administration of the railways. Moreover the Government had an interest in being adequately represented by substantial persons on the Boards of the Banks. General objections had been raised against the scale of German tariff-rates. I regarded these as secured in accordance with the text of the Report, but I took the opportunity of pointing out the importance of this question for the German Reich.

The question of the Micum agreements, to which he briefly referred, I had not further mentioned, on the assumption that they would be paid out of the loan, as, from Sthamer's report on the matter, nothing was to be expected from the Allies. Logan told me in conclusion that he had met Morgan in Paris, and that Morgan had asked him on what conditions he should insist. He had advised Morgan to say that he had not yet read the Report. This he had done to deprive Poincaré of the pretext of saying that France had been confronted by an ultimatum from the banks. For the rest, he was firmly convinced that the question of the military evacuation of the Ruhr would be brought up at the loan negotiations. The Americans could not be expected to subscribe to the loan if the military occupation of the Ruhr continued.

The interview lasted about an hour and a quarter and was conducted by Houghton and Logan with extraordinary frankness. Logan gave me the impression of sincerity, and is certainly more of a business man than a diplomat and a politician. One has the feeling that a good relation could be established between Schacht and Logan, especially as their characters are well suited to each other. At the conclusion of our talk Logan expressed the hope that the Report would be carried out in a spirit of confidence. Houghton further asked whether it were not possible to incorporate a sentence in my speech or in that of the Chancellor that a new era was approaching, but that it could only bring peace to Germany if it were supported by a renewed confidence of the world in Germany. The conditions for such confidence must be created by Germany herself. I said that I would gladly give expression to this idea in my speech.

From a statement by Stresemann at Karlsruhe:

June 15th

The publications of the Foreign Ministry deal with the years 1897 to 1903, the exact time during which the leading European Powers were dividing up the world on a large scale. In Asia, in Africa, and in the Pacific Ocean, vast territories were acquired as colonies, and apportioned into spheres of interest. In this—in the true sense of the word—Imperialistic epoch, Germany, in comparison with the other Great Powers, kept herself very modestly in the background. The intention of not coming into opposition or conflict with any Great Power runs through all her diplomatic activities. This, too, was the reason for the policy of the free hand to which she then so strictly adhered, and which consistently refused every more or less open offer of alliance. Germany was careful not to enter into any binding agreement with Russia, in order not to be forced into a line of policy hostile to England. And when Chamberlain suggested that England should join the Triple Alliance, we were not slow to remind ourselves of the risks of a position that would probably involve hostility to Russia. Whether this policy was correct from the German standpoint may be doubted; in any event it was consciously directed towards the maintenance of peace, just as Germany, possessing as she did the strongest army in the world, only used her influence to keep the peace of Europe and the world. The publications of the Foreign Ministry will be concluded at the end of this year. Then, when the exposition of German policy during the decisive decades of European development is complete, it will be time to request the other Powers to open their archives so as to create a basis for an impartial discussion of the question of War guilt. The nation and the Government must carry on this struggle together!

We take the consequences of our defeat and therefore pay the War damages; but we refuse to be regarded as in any sense making amends for our moral responsibility for the War.

HERRIOT'S CABINET

On June 14th, at the request of President Doumergue, elected in the place of Millerand, who had been forced to retire, Herriot formed his Cabinet. Herriot himself was Premier and Foreign Minister. His Minister for War was General Nollet, hitherto Head

of the Military Control Commission in Berlin. As regards Nollet's appointment, Herriot said: "The participation of General Nollet in the Government is a visible indication for the German Nationalists and for all Germans that we shall not allow them to deceive us and to compromise the peace". Three other of the new Ministers, Renault (Justice), Clémentel (Finance), and Dumesnil (Navy), had been colleagues of Clemenceau during the War.

HERRIOT'S STATEMENT

On June 17th the new French Cabinet presented itself before the Chamber with the President's message and the Government's declaration of policy. As regards foreign politics, Herriot said:

"The new international order for which we are striving cannot be based upon an injustice; as soon as Germany has brought herself into accord with the Treaty of Peace in relation to Reparations and the security question, her entry into the League of Nations will depend solely upon herself.

"We are enemies of a policy of isolation and force, which leads to occupation of territory and the seizure of pledges. In the face of present conditions in Germany, and the necessity of protecting not merely France, but all nations, against a recrudescence of nationalistic Pan-Germanism, we do not think it possible to evacuate the Ruhr, before the pledges proposed by the Experts, whose Report we accept without reservation, are confirmed by just and effective guarantees of fulfilment, and transferred to the international organizations to be entrusted with their administration. We also hold the view that in the interests of peace the disarmament of Germany should, by a common effort on the part of the Allies, and as soon as possible, be handed over to the control of the League of Nations. We propose that the security question shall be settled by a Pact of Guarantee that will also be placed under the control of the League."

The new French Government asseverated their anxiety to strengthen German democracy, and in regard to the grant of an amnesty, stated as follows:

"The suspension of penalties, which has been announced by the Occupying administration, will be changed into a general act of grace. The amnesty will also be applied to political prisoners, with the exception of those who were guilty of acts endangering the safety of our troops. Minor officials and employees who were merely removed from the province will be allowed to return. Certain special cases will be specially investigated. These decisions will afford a better proof than any words could offer that, if the German Government makes haste to take the steps necessary for the loyal fulfilment of the Experts' Report, the French Government is pre-

pared to meet half-way a Germany that is determined to walk in the path of democracy and peace."

STRESEMANN'S REPLY

During the election campaign for the Anhalt Chamber, Stresemann spoke on June 19th at Dessau:

As regards Herriot's pronouncement, he had no doubt that the new men in France did not intend to continue the oppressive measures hitherto applied to Germany. He welcomed the French Premier's statement about the amnesty for the prisoners, but he laid stress on the fact that the psychological effects of such a measure would only make themselves felt in Germany if the amnesty was granted without exceptions being made. A man who acts in a hostile manner against the troops of a State which is in occupation of foreign territory may, in the eyes of that State, be guilty of a serious offence; but it should not be forgotten that a man who risks his life in opposition to an occupation that he believes to be unjust is not acting from dishonourable motives. It would be a wrong policy for France to create any martyrs.

Herriot's statement regarding the evacuation of the Ruhr he understood to mean that the adoption of the laws involved by the Experts' Report, and therewith the beginning of the deliveries and payments provided for in the Report, should go hand in hand with the withdrawal of the occupation. Thus, when the other territories, for the occupation of which the Treaty did not provide, are evacuated, the *status quo* will be restored. If this is followed by the restoration of the economic and financial sovereignty of Germany, then the door between occupied and unoccupied Germany will again be opened, and after these struggles that succeeded the conclusion of peace—years that have been for Germany a prolongation of the War by other methods—we shall have secured what is at present our essential object, the Reich and its unity. Germany hopes to obtain from a loyal and fair fulfilment of the Experts' Report a few years of peaceful development, though accompanied by the most strenuous efforts to meet the claims upon her. If France wishes to live with Germany in peaceful neighbourliness, her desire will be welcomed by everyone in Germany who regards such peaceful relations as an indispensable condition of the steady development of affairs in Europe. Without prejudice, and likewise without

illusion, the German people will in this matter await the acts of the new French Government.

HERRIOT TO STRESEMANN

Note by Stresemann:

(The French Ambassador called upon me to-day to give the following information.)

He had received a letter from the French Premier, the purport of which was that Herriot proposed at once to carry into effect what he had said regarding the amnesty for prisoners and exiles. He had accordingly instructed M. Tirard as well as General Degoutte to take the necessary steps forthwith. He, the Ambassador, had been charged to acquaint me immediately with the French Premier's decision, and also to add a personal request from the Premier.

The act of grace would be accomplished without any limitation; but he would be grateful if the German Government would on their side withdraw penalties and proceedings against such Germans who had got into trouble because they had obeyed the French decrees during the conflict in the Ruhr.

I told the Ambassador that I was extraordinarily glad to receive this communication from the French Premier, and was convinced that this proceeding on his part would be the beginning of more confident relations between the two countries.

As regards the request of the French Premier, I could only assure him on my own behalf that I was perfectly ready to fulfil it. For the moment I could not see what would be the extent of such a measure. I did not know the number of those in gaol; I thought it could not be very large, and that some had already been released. But the decision on the matter was not solely for the Chancellor and myself, as the federal States, Prussia and Bavaria, had also to be consulted.

HERRIOT AT CHEQUERS

On June 20th the French Government obtained a vote of confidence of 313 against 234 votes. On the following day Herriot departed on a visit to MacDonald at Chequers. According to MacDonald's statements: British policy was guided by three fundamental principles: (1) Immediate application of the Dawes Report after ratification by a Conference of Allied Premiers. (2) Complete abandonment of the Franco-Belgian economic régime in Western

Germany; what remained of the military occupation to be as strictly limited as possible, and made invisible. (3) Solution of the security question by the entry of Germany into the League of Nations.

Definite decisions were not taken, having regard to the negotiations then in progress with the Italian and Belgian Governments. But it was agreed that if the other Allies consented, a conference should be held in London not later than the middle of July. Both Premiers would make a short stay in Geneva for the opening of the Council of the League of Nations in September. MacDonald and Herriot stated in a supplementary announcement: "In the face of the difficulties that affect not merely our two countries, but the world as a whole, we have agreed to conclude a moral pact for the purpose of continued co-operation". From London Herriot went on a visit to the Belgian Premier, Theunis.

From Chequers MacDonald and Herriot sent a letter to Marx, in which they called attention to "the disquieting reports regarding the constant and increasing activity of the nationalist and militarist Associations in Germany", and appealed to the Chancellor to cause a reply to be sent to the last Note of the Ambassadors' Conference regarding Military Control, that would "recognize the situation and the obligations solemnly laid down in the Treaty".

ENGLAND AND FRANCE

As early as July 18th it was stated in Paris that England, in issuing the formal invitations to the Allied Powers for the conference, had omitted France. The invitation to France was regarded as a matter of course. The contents of an English memorandum had become known, however, which contained exclusively British proposals that had not formed the subject of a previous agreement.

The difference related especially to the question of the Reparations Commission, which England did not regard as a suitable body to superintend the fulfilment of the Dawes Report by Germany, especially as America was not represented on the Commission. Then there was the question of an independent sanction by France. Pertinax had stated in the *Écho de Paris* that MacDonald and the English Under-Secretary of State, Sir Eyre Crowe, had told Herriot at Chequers that Germany must be secured against such a proceeding, and Herriot had silently acquiesced.

MacDonald stated in the House of Commons on July 7th that the communications made to the Governments of Belgium, Italy, Japan, and the United States, merely repeated the British proposals for the conference, which had already been put before the Belgian Minister, and Herriot also, at Chequers, and discussed with them in detail. These proposals were, for the purposes of a protocol,

embodied in an official communication from the permanent Head of the Foreign Office to the permanent Head of the French Foreign Ministry.

The discrepancy between Paris and London further emerges in the interviews that Ministerialdirektor von Schubert had with the English Ambassador, and Secretary of State von Maltzan with the French Chargé d'affaires, Counsellor of Embassy St. Quentin. The German representatives emphasized the necessity of not merely discussing the economic and military evacuation of the Ruhr in connection with the conference, but of arriving at some settlement; and even at this stage of the negotiations it was proposed to Herriot that certain points regarding military evacuation should be made the subject of a definite understanding in the form of an exchange of letters.

The Quai d'Orsay decided to draw up a French minimum programme for London and communicate it in a Note to the Allied Powers but not to Germany. In a speech at Troyes Herriot talked about the "many illusions" to which the Reparations problem had given rise, and deprecated any expectation that he could produce a settlement that "bordered on the miraculous". He also said that the French nation had "a special claim" to the blessings of peace, as the country was still bleeding from its wounds and had not yet recovered from its sacrifices; on that account certain points in the Experts' Report must be redrafted with greater exactitude.

According to reports from Paris of July 7th, the intention of the French Government was to split up the conference so that on July 16th there should take place a conversation between the Allies, at which a protocol should be drawn up and signed, setting forth the procedure to be adopted for putting the Report into force; and that the second half of the conference should not be held until the German Reichstag had in the meantime passed the necessary laws. Germany would possess, in the inter-Allied protocol, which would contain the formal obligations for the economic evacuation, the basis for the adoption of the necessary legislative measures by the Reichstag.

Assurances were also planned regarding military evacuation. But France could not tie herself down to definite dates. The sacrifice of the only tangible guarantee, the Ruhr, seemed only possible when a world interest in the fulfilment of the Plan by Germany had been created by the issue of at least a part of the bonds contemplated. The French Government were working for evacuation and were disposed to state their attitude in a form which would make it impossible for any future French Government to evade evacuation, if the necessary condition were fulfilled.

Lord D'Abernon said at the Foreign Ministry that similar news had also reached him. The position had very much deteriorated

during the last few days. This was mainly due to Herriot's very weak position.

Then, however, came a new proposal from D'Abernon. He would suggest to his Government that, having regard to the great technical difficulties, it would be perhaps better not to invite Germany at all to the Conference in London. After the conference had agreed on the terms of a protocol, this could be communicated to the German Government, and diplomatic negotiations could then be initiated as to the best method of procedure.

The Ambassador was thereupon informed that his proposal was quite out of the question. If Germany was suddenly refused admission to the conference, it would have an absolutely shattering effect. The result would with justice be described as an ultimatum in its acutest form; and the consequence would be that the Marx-Stresemann Cabinet would be swept away on the following day.

Lord D'Abernon said the object of his proposal was merely to spare Germany the indignity of not being admitted until the end of the conference. The German counter-proposal was—a short preliminary conference, followed by the main conference at which Germany would be present.

On July 8th MacDonald met Herriot in Paris.

A *communiqué* regarding the meeting, which was published on July 9th, contained the text of a Note to be communicated by England and France to the Allied Governments. It was to the effect that MacDonald and Herriot had had a preliminary interchange of opinion on the question of inter-Allied debts and the question of security. They emphasized the public anxiety for the complete restoration of peace. According to the words of the *communiqué* they were "united in the intention of finding the best means of achieving this end, whether by the agency of the League, or by some other method, and of continuing the examination of the question until the problem of the general security of the nations is finally solved".

In a White Book which the English Government laid before the House of Commons, MacDonald stated that the inter-Allied conference to be summoned on July 16th was strictly to limit its labours to examining the measures needed to put the proposals of the Dawes Committee into practice. Questions such as that of security and inter-Allied debts to be rigidly excluded. In a telegram that he addressed two days previously to the Italian Government MacDonald mentioned that it had been suggested that the services of the League of Nations should be called upon for the decision whether there had been a deliberate default by Germany in the fulfilment of the Report. He said that the British and French Governments were anxiously concerned to avoid the impression that these questions had been in any respect settled between them,

without consultation with the other Allies. As soon as the Allied Conference came to a final agreement, the German Government should, according to MacDonald's proposal, be invited, and engage in actual negotiations and conversations with the other representatives, and not be confronted with a definite document which they would be required to accept or reject.

GERMANY AND THE FRANCO-ENGLISH DIFFICULTIES

The Cabinet considered the foreign situation at its meeting on July 9th, 1924. The Chancellor asked the Foreign Minister to give a report. The personnel of the delegation to the London Conference would then have to be discussed.

Stresemann opened his remarks with the statement that, in the last few days, there had been an important deterioration in the foreign situation. Perhaps the Paris conversation between MacDonald and Herriot would relieve the tension. Ambassador von Hoesch had been received by Herriot on the preceding Monday. It seemed as though Herriot had completely lost his nerve. Hoesch reported that Herriot had said he was fighting for his existence, and as regards specific points he emphasized that:

(1) There could be no question of any modification of the Treaty of Versailles. The Report was merely a new method of payment adopted by the Reparations Commission. The conference must first take place in London, after which the German Government should introduce the necessary laws. Then a second conference with Germany would come into question. This attitude of Herriot's had been strenuously combated by Hoesch. Herriot also added that it seemed to him as though the German Foreign Ministry were supplying material to that section of the French Press which opposed him (he meant *Pertinax*).

(2) It was impossible for him to make any statement regarding the evacuation of the Ruhr. On this point too Hoesch made energetic representations.

As a result of the invitations issued by the English Government to the London Conference the whole position has assumed a special character. It was a remarkable fact that France had not been formally invited, and that, further, the invitations had been accompanied by a List of Agenda exclusively representing the English point of view. The standpoint adopted was to the effect that the Dawes Report went beyond the Versailles Treaty, and that

consequently the Reparations Commission was not competent to give a decision in the case, for example, of defaults by Germany. Moreover, it was obvious that Poincaré proposed to attack his successor in the Senate.

Finally there was a suggestion from the other side, clearly emanating from Belgium, that the evacuation of the Ruhr should be brought into connection with a so-called "commercial negotiation" of the industrial bonds.

Stresemann stated that he had left no doubt in the minds of the foreign representatives that such a proceeding on the part of Herriot was calculated to wreck the whole Report. He must mention that the English Ambassador had told him that the German Government would receive an invitation to the London Conference, though for the second part of it only. He had informed the foreign representatives that in these circumstances he saw no possibility of securing a majority for the adoption of the laws in the Reichstag, and that the whole scheme would thus be seriously imperilled. The American representative had been very surprised at Herriot's attitude. He had observed that in his view the territory occupied in excess of what was provided for by the Treaty of Versailles must be evacuated. The English Ambassador had expressed himself in the same sense, and said that he would take up the matter with the British Prime Minister. The Belgian had said that nobody in Belgium doubted that the Ruhr would be evacuated.

On the Monday of the subsequent week an international Trades Union Congress was to take place at Amsterdam. The Social Democratic member of the Reichstag, Hermann Müller, would there represent the same standpoint as that adopted by the Government of the Reich. All now depended on the attitude of France. Herriot had previously stated that the evacuation of the Ruhr would take place when certain conditions of the Experts' Plan had come into force. To-day he was obviously afraid of the Senate and was trying to weaken and alter his former utterances. He had found out that the American Ambassador in Berlin would be sent to the London Conference, and the latter had repeatedly told him that America would produce no money if the Ruhr were not evacuated.

As regards the Conference at Chequers, there had been much confusion in the Press. As regards the London Conference, the German Government would be kept in touch with the course of events. He assumed that MacDonald's view would prevail.

In connection with the representation at the London Conference, he believed that the number of participants would be as limited as possible. He had gathered that Belgium proposed to send six representatives.

The Chancellor announced that the Bavarian Government had made it known that they claimed to be represented in London. He thought that some accommodation must be reached on this point. Moreover, the question as to who should take part in the conference must be reserved until the situation had become a little more clear.

The Minister of Labour then observed that in the present situation the question of the eight-hour day was of great importance. The matter was due for debate to-morrow in Committee in the Reichstag. It might also play a part in London. It was clear that not only France, but England also, was much concerned, for reasons of competition, that the eight-hour day should be strictly maintained in Germany. If the Washington Agreement regarding the international eight-hour day was to be adopted, the Report could not be carried out. The Finance Minister pointed out that a German ratification of the Washington Agreement might well be regarded in Allied quarters as an attempt to wreck the Report. He further raised the question whether the Social Democrats and German Nationals were adequately informed on the course of events. He thought this essential in view of the approaching negotiations in the Reichstag.

The Foreign Minister replied that he had called all the Parties together and explained the situation. He thought it might be assumed that the German Nationals would not reject the Report in principle, but would make its acceptance dependent on certain conditions. The Social Democrats would certainly be in favour of acceptance.

Dr Luther, the Minister of Finance, proposed a definite resolution of the Cabinet to the effect that foreign diplomats should be informed that, unless specific assurances were given regarding the evacuation of the Ruhr, an acceptance of the laws was out of the question, and that the Government must indeed refuse to co-operate by securing the adoption of such laws. This was agreed.

AN ANGLO-FRENCH COMPROMISE

On the afternoon of July 9th a report was issued in Paris regarding an understanding between MacDonald and Herriot. Both

Governments noted with satisfaction that America had decided to be represented at the London Conference. The agreements that might be reached were not to affect the authority of the Reparations Commission; but as guarantees must be provided for the lenders of money and the holders of bonds, in the case of decisions on questions of default by Germany, the Commission would be strengthened by the addition of an American representative. Deliberate default would be dealt with by all the Allies together. The Reparations Commission would be asked to consider suggestions for a scheme for the restoration of the economic and financial unity of Germany and to submit them to the conference. But the Commission must first have been in a position to report that the Dawes Report had come into force.

GERMAN PRESSURE ON ENGLAND

On the afternoon of July 10th Lord D'Abernon called upon Ministerialdirektor von Schubert in Berlin. He came to talk about the Anglo-French *communiqué*, which he thought was very satisfactory. Schubert's answer was that he found it very unsatisfactory. The Dawes Report laid Germany under obligations that went far beyond the Treaty of Versailles. Nobody has hitherto disputed the fact that these obligations could be agreed with Germany. Instead of which they are to be openly thrust upon us in the most brutal fashion. If this proves to be the case, then all is at an end. The Dawes Report will be finally wrecked.

Note by Stresemann:

July 11th

Lord D'Abernon came to see me to-day at my invitation. I pointed out that the Paris meeting had created a quite intolerable situation for us. If it had been the intention to call an international conference, no one in Germany would have had the slightest objection. But Germany had first been invited and now there was apparently some idea of withdrawing that invitation. This would make a very bad impression in Germany and strengthen the Opposition. Furthermore, it was impossible to reinstate the Reparations Commission in its rights regarding Germany's alleged defaults. The co-optation of America as a member with a right to vote was quite out of the question, and I saw no way out in that direction. I called his attention more especially to two considerations:

(1) It was quite impossible for us to put our laws into force and

then wait to see whether the Reparations Commission would have the goodness to ordain that the Franco-Belgian decrees should be withdrawn. We could not get the Reichstag to pass such a proposal, and I, for my part, could not agree to such a reversal of policy in the face of the clear expressions used by the Experts.

(2) The second question was the military evacuation of the Ruhr. Sir Robert Kindersley, to whom I had spoken, regarded the evacuation as a matter of course, and there could indeed hardly be any real intention among the Powers of persisting in the occupation of the Ruhr, especially as the cost of it fell upon the occupying Powers. But in these circumstances I did not understand why the idea of evacuation was not openly discussed. I had to have some explanation on the point in order to be able to meet the Reichstag. It would be quite impossible to get the German Nationals out of opposition, indeed it was doubtful if the German People's Party would remain steady, unless I could give some explanation regarding the evacuation of the Ruhr. The Cabinet regarded the situation as extremely ominous and considered the Experts' Report as in peril.

Lord D'Abernon said that, in his opinion, an invitation to Germany to attend the conference was *hardly* to be anticipated. He admitted that mistakes had been made at Chequers, and that they had made a very bad impression in Germany. The important thing was to remove this bad impression, and he asked me whether it would not be practicable to issue to Germany an official report of the London Conference, and at the same time state that after the conference the Allied Powers would approach Germany with a view to securing her agreement to the measures it had been decided to take. Of course the utmost care must be taken to avoid anything that suggested an ultimatum.

He did not, in point of fact, believe that Germany would lose much by not being represented at the conference. Hitherto all the conferences which Germany had attended had taken place under an unlucky star. He mentioned Cannes, London, and Genoa. 150 delegates had already been appointed to represent the Allied Powers; so that there could be no question of any direct influence on the statesmen of the Allies. In his opinion, the negotiations had far better be carried on quietly through diplomatic channels in Berlin.

He agreed with my misgivings about the Reparations Commis-

sion. The withdrawal of the decrees before the Experts' scheme came into force he regarded as essential. As regards the military evacuation, he said again and again: "I quite understand that you need this to maintain your position in the Reichstag". He told me he would telegraph to London again and emphasize the fact that the industrial and military evacuation of the Ruhr was an indispensable condition to obtaining the needed parliamentary majority for the Experts' proposals.

MAJORITY IN THE SENATE FOR HERRIOT

Poincaré made a long speech in a debate in the Senate on July 10th. Without the occupation of the Ruhr—so he said—there would have been no Dawes Report. He had pursued the same policy as Herriot but with more success. In the event of the violation of the Treaty by Germany every Government must keep the right to take action on its own account and at its own risk. The debate ended on July 11th with a vote of confidence for Herriot. "The Senate once again emphasizes that France is devoted to the cause of peace, and expresses the confident hope that the Government will, in concert with the Allies, continue to ensure the observance of the Treaty, and obtain Reparations and security for France; and passes to the Order of the Day."

AMERICA REFUSES THE POST OF ARBITRATOR

The question put by Hughes, as to whether the President of the United States would, without previous consultation with the Senate, allow an American Expert—Owen Young was the person in view—to exercise the function of arbitrator, was answered by the State Department on July 12th in the negative. Secretary of State Hughes, who ran the message from Washington, would give moral support to the fulfilment of the Dawes Report, but would take no definite steps to this end. The amendment introduced by the Senate into the Peace Treaty with Germany prevented the appointment of any American representative on the Reparations Commission without the express approval of Congress; and as Congress did not meet until December the Government's hands were bound. Kellogg, the American Ambassador in London, and Colonel Logan, were not to admit any political or military considerations in the organization of the Dawes Plan. This also was the view of Owen Young—*i.e.* against the French, and in favour of the British attitude.

THE CARDINAL POINT OF THE REPORT

Stresemann to Ambassador von Hoesch in Paris:

July 13th, 1924

I thank you for your last letter and quite understand that you have not yet discussed the question of the conference with Herriot. Looking at the situation as a whole, it seems to me, too, right to let the matter rest for the present.

The confusion that has been aroused by Chequers and Paris has also tended to divide the general feeling here in Germany. Our idea was that we could maintain a broad front for the acceptance of the Report, and in so doing we assumed that the German Government would succeed in obtaining from the other Powers a definite consent to the evacuation of the territory occupied in excess of the Treaty. In this connection we anticipated a far-reaching accommodation on the part of France. But now the whole situation has stiffened. It is doubted whether Herriot can maintain himself for very long. There is the same uncertainty about England. The great reaction between Chequers and Paris has also caused a great revulsion of feeling here at home. The Opposition, who had already crept into their last holes, now begin to re-emerge from all sides and feel their courage renewed, as you may have seen from Count Westarp's attack on me yesterday on the question of Military Control. My own Party, which originates mainly from the occupied territories, has been hitherto completely unanimous as to the acceptance of the Experts' Report, when, on the strength of my talks with the foreign diplomatic representatives here, I was able to assure them repeatedly that in these circles the cessation of military occupation was regarded as a matter of course; the only question still unsettled was the form that it should take.

Your last telegrams, stating that Herriot had begun by saying that this was an awkward question and must not be raised, and then that he could make no statement on the subject, has aroused the greatest dismay here. The attitude of my own Parliamentary Group makes it perfectly clear to me that the 45 votes of the German People's Party might now well be given against the Report. This means not merely the defeat of the Report in the Reichstag, but the fall of the Government, and therewith the dissolution of the Reichstag and fresh elections. In favour of an unconditional

acceptance of the Report, there are now only the Social Democrats and the Centre, who together dispose of 165 votes out of 478. I except the Democrats, because the Reichswehr Minister called upon me yesterday to say that he would on his own behalf reject the Report, as a clear and unambiguous consent to the evacuation was not obtainable.

How unanimous this feeling is you may see from the leading article in to-day's *Berliner Tageblatt*. This very moderate Democratic organ states in this article by Herr Dombrowski that before agreeing to the Report it would be better to obtain definite assurances in black and white. In this, Herr Dombrowski adheres to the Left wing of the Democratic Party.

On this account I think a statement on the question of the evacuation of the Ruhr is really the cardinal point of the whole matter. Please, therefore, in your talks with the representatives of foreign Powers, do not leave this matter in any doubt. I fancy that it would be possible to extract a statement from the French on the evacuation of the Ruhr if, while insisting on the fact, we left the details open to discussion. I must have a final limit by which the last French soldier will have left this territory, occupied in violation of the Treaty. This final limit need not be a definite day of a definite month; it can be attached to some event which is clearly involved in the fulfilment of the Report, but I must be able to say to the German people that these territories will be free within a reasonable period, or the whole Experts' Plan will be flung back in my face. I think I shall be able to go as far as may be, if, in the course of the debate, I am able to suggest that the evacuation should begin as soon as the international loan is secured and German preference bonds are available in anticipation of the final arrangements. Herr Herriot can then announce to the French people that the payments for the first year are secured, and that the Experts' Report has come into full operation. The evacuation must then be undertaken without unreasonable delay, and I must be enabled to make an unassailable statement on this matter.

What the feeling is in the Cabinet, you may see from the fact that when I recently had to report to them what had passed between you and Herr Herriot on the occasion of your interview, they unanimously announced that they could not recommend the Reichstag to accept the Report if this step was not to be succeeded by

military evacuation. In such an event I think it inevitable that the Cabinet could not survive; at any rate the two Ministers belonging to the German People's Party would resign.

I know how difficult it is to give you, who are at a distance, a correct picture of what is going on at home. Perhaps I take rather too pessimistic a point of view, but since the last report of your interview with Herriot I doubt whether the Report can survive, and I see only the prospect of upheaval before us. I wanted to give a clearer idea of my attitude than is possible in the telegraphic style of diplomatic despatches. I would ask you, too, to consider from this standpoint the political situation now existing in Germany.

HOESCH WITH HERRIOT

On the morning of July 14th, Hoesch had a one-hour conversation with Herriot. He found Herriot in an extraordinarily depressed mood. Herriot explained that he had committed the mistake of thinking that the European problem could be solved by goodwill and sincerity. Now he saw himself surrounded by nothing but pitfalls. As a man who stood for understanding, demands were addressed to him from all sides that had never been, and would never have been, addressed to Poincaré. He would go to London with great misgiving, and did not know whether he would be able to come to any understanding with the English. His irrefragable principle would be that there should be no alteration in the Treaty of Peace. If he were asked to consent to any such alterations, he would leave the conference. He would thus bring disappointment to the supporters of a policy of understanding who had raised him to power, at the elections, and cause infinite complications. But he thought such an attitude would be to the advantage of later generations, as he would thus avert the risk of war, which was indissolubly bound up with any cutting down of the Treaty.

The question of sanctions was an international problem. Still, it was impossible to bind France hand and foot in the face of some possibly flagrant default on the part of Germany. He had already conceded the admission of Americans to the Reparations Commission, but he could not entirely surrender the right of France to preserve her own interests independently, and thus run the risk of making the country, so sorely damaged by the War, a victim to possible regrouping of the Powers. He did not indeed believe that the whole structure of defaults and sanctions should continue for the years to come; but his view was that peaceful progress for Europe was only possible if the fulfilment of German obligations became a matter of course.

As regards the question of military evacuation, Herriot observed that the Experts' Report said nothing on the subject. The German Government had not previously put forward a request for a definite time-table for the evacuation of the Ruhr. None the less, he had laid down his principles for military evacuation and to those principles he steadfastly adhered. He realized that the position of the German Government must be facilitated, and he was therefore ready to effect any accommodation that was compatible with the Treaty of Peace. He was by no means opposed in principle to the participation of Germany in the conference. Indeed, if all went well, he was much inclined to invite German representatives to be present at the later meetings.

Herriot said that he had gone to Chequers in a spirit of too great enthusiasm, and then, after the communication of the document circulated by Sir Eyre Crowe, had to realize that he had gone too fast. Moreover, the conference was premature. He would give something to postpone it so as to be able to prepare his case better. If the conference was to succeed at all, it must be conducted slowly and with caution. Public opinion would not follow him in the surrender of deeply rooted rights, and he could not defy the onslaught of the critics.

At the moment he thought a meeting with Stresemann, whom he remembered from previous meetings (1914, in the course of negotiations over the Lyons exhibition), not very practicable; but he would later seriously consider whether such a meeting could not be arranged.

D'ABERNON

In his interviews with the Foreign Ministry, the English Ambassador was unvaryingly optimistic. As the result of personal information, he thought that the Chequers basis for the economic evacuation of the Ruhr, *i.e.* fourteen days after the acceptance of the Report by Parliament, should be reintroduced in accordance with a definite plan. He took the view that the predominant position desired by the French on the Reparations Commission would be still further reduced by America in agreement with England. The German Government should put forward simultaneously in Rome, Paris, and London, what they considered to be the indispensable conditions to the adoption of the necessary laws by Parliament. These demands, which were communicated to D'Abernon at Stresemann's instance, were as follows:

(a) Economic evacuation; withdrawal of all decrees; return of the exiles with full restitution; pardon for the prisoners; restoration of financial, legal, and administrative sovereignty on the basis of the Chequers agreement.

(b) Assurance of a definite period within which military evacuation would take place.

At the observation that the question of military evacuation would probably not be a subject that England would now be much disposed to discuss, Lord D'Abernon laughed rather ruefully, but he said that the English Government must have a clear and unimpeachable view of the German standpoint so that they could make it a basis in London. Maltzan called D'Abernon's attention to Herriot's speech, according to which, in the case of default by Germany and if the Allied Governments could not agree, freedom of action was reserved to France, thus constituting the possibility of separate action by that country. Further, in opposition to the attitude of England, Herriot had confirmed Poincaré's statement about the time-table for evacuation of the Rhineland. Lord D'Abernon thought that "most important". When he talked with Schubert he had read the speech, and said that he did not think the passages in question were so objectionable.

At this visit he once more touched on the question of the release of the prisoners. Schubert stated that prospects were discouraging on this matter; no progress had been made since Herriot's Government had come into power. Lord D'Abernon would telegraph to London to the effect that the authorities on the spot were plainly wrecking Herriot's intentions.

DEBATE ON THE CONFERENCE IN THE HOUSE OF COMMONS

On July 15th a debate took place in the English House of Commons regarding the conference. Asquith, the leader of the Liberals, said that MacDonald had saved Herriot and the London Conference, but at the price of sacrificing the Chequers plan of substituting another body for the Reparations Commission. He asked the meaning of France's revived contention that the period fixed for the occupation and the evacuation of the left bank of the Rhine had not yet come into force. Germany, like France, had her claim to security.

After Baldwin, MacDonald spoke with little energy and rather confusedly. Paris had come to regard the Versailles Treaty as a sort of Ark of the Covenant. While England was expected to allow France every security over and above the Treaty, he had to be extraordinarily careful to see that France did not extend the legal provisions of the Treaty. The immediate establishment of a programme of sanctions would mean that a warning would be imparted to Germany as to the punishment she might expect in the case of delay. Only a fool would think of doing such a thing. If an agreement was to be reached, there must be a common statement of the common

interest of all parties in the settlement of the obligations undertaken by Germany. On the question of security, Asquith's standpoint had always been his own. He had said shortly before in that House that the only way to the goal was through the League of Nations. The pact to be concluded, if the word was admissible, must not be two-sided, but all-sided, a common pact.

IV

THE LONDON CONFERENCES

THE ALLIED CONFERENCE FROM JULY 16TH TO AUGUST 2ND

As from July 16th the Allied statesmen assembled in London.

For England: MacDonald (Prime Minister), Snowden (Chancellor of the Exchequer), Thomas (Colonial Minister), and Sir Eyre Crowe (Under-Secretary of State for Foreign Affairs).

For France: Herriot (Premier), General Nollet (Minister of War), and Clémentel (Finance Minister).

For Italy: De Stefani (Finance Minister), Nava (Minister for Economic Affairs), Martini della Torretta (the Italian Ambassador in London), and Pirelli (leader of the Italian delegation on the Experts' Committee).

For Belgium: Theunis (Premier) and Hymans (Foreign Minister).

For Japan: Baron Hayashi (the Ambassador) and Viscount Ishii.

For Portugal: De Castro (the Portuguese Minister in London).

For Rumania: Titulesco (the Rumanian Minister in London).

For Jugoslavia: Gavrilovitch (the Jugoslavian Minister in London).

For the United States of America: Kellogg (the American Ambassador in London) and Mr Logan, jun.

The conference sat under the chairmanship of MacDonald, who, in his speech of inauguration, said: "Without unity there is no security, and without security there is no peace". The first sittings were concerned with the details of the Dawes Plan; sub-commissions were appointed to deal with various questions, especially the question of German "defaults", and the resulting "sanctions".

The difficulties of the Inter-Allied Conference were considerable. It made very slow progress. The Americans took a vigorous part in the negotiations through their official delegates, the "Expert" Owen Young and Ambassador Houghton. They—so it was reported to Stresemann from London on July 19th—maintained the position that America would only agree to a settlement that was willingly signed by Germany, and that the essential condition of any loan was Germany's voluntary adhesion to an international settlement. Germany must be invited to the conference as soon as the chief points in dispute between the Allies had been removed. For the time being the presence of Germany would do more harm than good, as England and France were far from having reached an

agreement on the question of the competence of the Reparations Commission, and upon the claims that were to be made against Germany in the event of an established case of default.

As late as July 23rd, at a full conference of the Allies, there was still little sign of agreement. The various Committees presented their reports, but no decisions were taken at this meeting. Americans, English, and Italians did their best to create conditions for Germany that should be tolerable. Herriot fought for the French point of view.

The difficulties of the conference were illustrated by the fact that the Press Section of the English Foreign Office represented it as questionable whether a German delegation would be invited (July 22nd). It was not unlikely that a protocol might be drafted and sent to Berlin for comments. Diplomatic and other experts from Berlin could then come to London and discuss the questions raised. It might thus be unnecessary for the German Ministers to travel to London. It was intimated to the Press Section of the Foreign Office that such a proceeding would be impracticable for various reasons, not unconnected with home politics in Germany. This brought the reply: "But we are fighting your battles", and it might so be that insuperable difficulties stood in the way of an official participation of Germany in the conference.

However, on July 25th, the following message reached the German Ambassador through MacDonald:

"The conference has proceeded so far that it is ready in a day or two to negotiate with the representatives of the German Government with a view to agreeing upon how best to put the Experts' Report into operation."

MacDonald added that the intimation was unofficial, being intended to give the German Government an opportunity of making its preparations for the conference, so that when the invitation arrived negotiations could begin at once. MacDonald also said that it was absolutely necessary to keep his message completely secret until the official invitation came. If the message appeared prematurely in the Press, the conference might be regarded as at an end.

THE INVITATION TO GERMANY

At last, on August 1st, the Allies had got so far that the invitation could go out. This, addressed to the German Ambassador in London, Dr Sthamer, reached Berlin on the afternoon of August 2nd:

"As President of the Inter-Allied Conference now assembled in London I have the honour to request Your Excellency to transmit

to the German Government an invitation to appoint representatives to discuss with the conference the best methods of putting into force the Dawes Report of April 9th, 1924, which the Allied Governments on their part have accepted in its entirety, and which was accepted by the German Government in its communication to the Reparations Commission of April 16th last. I should be grateful if Your Excellency would let me know as soon as possible the names of the German representatives and the time of their arrival, which, I hope, will not be later than Monday, August 14th.

CONFERENCE WITH THE GERMANS FROM AUGUST 5TH TO 16TH

(From Stresemann's diary: "Aug. 4th. Started for London *via* Hook of Holland—Harwich; sympathetically greeted by the public".)

On the forenoon of August 4th, at seven minutes past nine, the German Delegation started in a special train for London, under the leadership of Marx, Stresemann, and Luther.

August 5th

(From the diary: "London: Sthamer at the railway station: Dufour-Feronce with the Embassy Secretaries came to call. Full conference at 12 o'clock. Welcomed by Kindersley and Logan. Then Kellogg.")

At the meeting at noon of that day, the delegates Marx, Stresemann, and Luther were present.

In his speech of welcome MacDonald said: "The Allied Governments have come together and have reached certain agreements which they are anxious to communicate to the German Government. In so far as these matters call for the agreement of the German Government, the Allied Governments wish to discuss them at this conference. The sole task before the conference is to consider the questions arising out of the application of the Experts' Report, and as chairman of the conference I must confine the discussions to these matters. I hope that the desire and the spirit of common effort may enable us to reach a speedy agreement, and that the London Conference may thus achieve its aim of establishing the friendliest possible relations between the Governments of Europe."

From Chancellor Marx's reply: "The German Government has, like the Allied Governments, stated on an earlier occasion that it regarded the Experts' Plan as a suitable foundation for the solution

of the Reparations question. I desire to confirm this statement, and I would add that, in the assumption that the conference will reach unanimity, the German Government agrees to the measures drafted by the Organization Committees on the basis of the Plan, and, as soon as the conference is over, will at once approach the legislative bodies in Germany with a view to their being passed into law forthwith. We assume also that the other reciprocal measures contemplated by the Experts' Plan will be carried out in the sense intended by the Experts. We see before us here the way that will and must give our people freedom and peace, and the opportunity of co-operating with their fellow nations in the reconstruction of Europe."

Marx concluded his speech, which he delivered in German, by saying that the German people would, as soon as the essential foundations of free economic activity had been restored, devote its whole strength to coping with the vast burdens involved in the Experts' Plan.

After the Chancellor, MacDonald spoke again. He handed to the German delegation complete reports on all the questions that had been before the conference. Although, no doubt, the Germans were tired from their journey, he hoped none the less that they would express their views on the following day, so that the conference might end its work on August 8th.

The reports of the three Commissions which had started their work at the beginning of the London Conference had been sent to the Chancellor and lay in formidable piles before the German delegation on the journey from Berlin to London.

They were the reports of the First Commission, which was charged with considering the question of the securities for a loan, subject to the appointment of an American on the Reparations Commission; the establishment of a default by Germany; and the measures to be taken in the event of deliberate default by Germany.

The report of the Second Commission, which was to deal with the restoration of economic and fiscal unity in Germany.

The report of the Third Commission, which was to deal with the question of deliveries in kind.

MACDONALD, MARX, STRESEMANN

At the conversation which took place at 9 o'clock in the evening at the house of the English Prime Minister, there were present: MacDonald and the Permanent Secretary to the Foreign Office, Sir Eyre Crowe; and on the German side, Marx, Stresemann, and Ministerialdirektor von Schubert

MacDonald said that he wanted to inform himself personally as to the standpoint of the German delegation; and he listened to the statements of his visitors in silence. In regard to the objections that had been raised, more especially by Stresemann, against the Experts' Plan, MacDonald confirmed Stresemann's view that an understanding was possible. He warmly agreed with a suggestion that fell from Marx, that the Germans should get into touch with Herriot on the questions of evacuation and the railways; upon which Crowe called attention to the difficulties made by Herriot over the date of evacuation, and the French thesis that the occupation of the Ruhr was in conformity with the Treaty of Versailles. France had rejected the English proposal of a Court of Arbitration.

At this interview Stresemann also touched upon the question of sanctions. The decisions of the First Commission must, in the German view, provide security that action should only be taken against Germany in the case of deliberate default. MacDonald heartily confirmed this view, and referred to a statement that he had made in the House of Commons on August 4th.

In the night of August 5th-6th the German reply was prepared, and on Wednesday August 6th at 10 A.M. it was handed to the conference secretariat.

On August 5th, at the request of the French Premier, the representative of the *Quotidien* had already got into touch with Marx and Stresemann, to arrange a meeting between Herriot and the leading members of the German delegation.

August 6th

A communication to MacDonald, which, by agreement between the Allies and the Germans, was not published, runs as follows:

"In accordance with our agreement at yesterday's meeting, I have the honour to send to Your Excellency herewith some remarks by the German delegation on the conclusions reached up to date by the Inter-Allied Commissions. The brief time at our disposal has prevented the German delegation from forming a settled judgment of the details and scope of the Inter-Allied decisions. I must beg you to accept the remarks of the German delegation, and especially their formulation, as subject to this proviso. Moreover, I assume that the mutual discussions to follow will provide the required explanations.

I may, however, permit myself to state that, in the view of the German delegation, the resolutions adopted by the Commissions do not exhaust the complex of questions connected with the implement-

ation of the Plan. The German delegation lays especial stress on the discussion of the military evacuation of the territory occupied in excess of the provisions of the Treaty of Versailles. Another point: the President of the Second Commission mentions in his covering letter to the report of this body that the French and Belgian military Experts demand that some 5000 French and Belgian army railwaymen shall be posted at certain points on the railway system of the left bank of the Rhine. The German delegation takes the view that this demand is not compatible with the Experts' Plan.

At 11.30 the so-called "Big Fourteen" met at the Prime Minister's house. They were: Belgium, Theunis and Hymans; British Empire, MacDonald and Snowden; France, Herriot and Clémentel; Germany, Marx and Stresemann; Italy, de Stefani and Pirelli; Japan, Hayashi and Ishii; America, Kellogg and Logan.

MacDonald opened the meeting by saying that the German memorandum was already in the hands of those present; and he asked the Chancellor to give a brief statement of its contents. Marx addressed the meeting on the main principles of the memorandum.

As regards the report of the First Commission, the Chancellor stated that in the matter of *default* he thought a one-sided verdict on the part of the Allies should not be admitted. The German delegation held the view that the agreement of the German Government should be obtained. The Chancellor further insisted that defaults arising out of the obligations laid upon Germany under the Plan should only be regarded as established in the case of a proved act of bad will on the part of Germany.

Regarding the report of the Second Commission, Marx explained the German objections regarding the question of economic and financial evacuation and the amnesty. As to the Third Commission, Marx said that in the time at their disposal it had been extremely difficult for the German delegation to offer any views on the proposals embodied in this report.

A debate then followed as to the *modus procedendi* in connection with the German proposals. The English Chancellor of the Exchequer, Snowden, suggested that a sub-commission should be formed, in which the technical questions could be dealt with, while the broad fundamental issues were being further discussed in full conference. Herriot vigorously opposed this suggestion. The delegations must first read the memorandum before they could express their views on such a proposal for the formation of a sub-commission.

In conversation later on, Herriot observed: "We look like sitting here for ever."

Herriot's excitement, which spread to the other members of the conference, was not least due to the fact that the German translator considerably heightened the key of the Chancellor's plain and unemotional observations. Hence the reference in Stresemann's diary to "that impossible translator". On the English side, too, more particularly by Sir Maurice Hankey, the General Secretary of the conference, and by Sir Eyre Crowe, it was hinted that the German translator's tone was impossible.

At the morning sitting no resolution was reached regarding the German proposal to form a sub-commission. During the discussion, MacDonald observed to Herriot that he appeared to be in doubt as to the character of the German counter-proposals. An attempt by Herriot to get the Allied representatives together by themselves was defeated by Snowden's refusal; he told Herriot that the conference was now sitting in company with the Germans, and would so continue to sit. The difficulties regarding the sub-commission were then removed.

The full conference was adjourned until 9 P.M., when it was to be decided what questions should be regarded as technical and what as matters of principle. A German proposal to appoint three delegates was not accepted. The German delegation intended, at this stage of the proceedings, especially in the discussion of important financial questions, to get the assistance of Dr Luther.

At the morning meeting MacDonald returned to the question of publicity in the Press, as the German delegation had transmitted to the German Press the covering Note to the German memorandum. In order not to imperil the success of the conference by Press polemics, it was decided, on the suggestion of the British Prime Minister, to add a German member to the Inter-Allied Press Committee, so that all Press reports regarding the conference should be drafted in common.

Dr Schacht, President of the German Reichsbank, who arrived in London early on August 6th, said that the bankers would attach extremely strict conditions to the loan to be issued to Germany on the basis of the Experts' Report—conditions, indeed, which almost went beyond the German claims. The bankers called for military evacuation, a definition of the rights of the Rhineland Commission, no one-sided sanctions, and other important concessions. In

Schacht's view, Pierpont Morgan, who had been in London since August 4th, rather felt that he had been placed in a false position, as these conditions had turned him into the champion of an anti-French policy, which went very much against the grain of the former Entente banker. In the conversation with MacDonald and Sir Eyre Crowe, it was incidentally made clear that the German delegation would be invited to consultation with the bankers and the Reparations Commission.

On that day, too, Herriot, by various methods, and probably also through the agency of the Scotch industrial magnate, Sir Daniel Stevenson, from Glasgow, let it be known that he desired a conversation with the German delegation.

The meeting of the sub-commission, in which Secretary of State Fischer, Secretary of State Voigt (Ministry of Communications), and Ministerialdirektor Ritter (Foreign Office) took part, proceeded satisfactorily. Various matters which were cleared up, in particular the assurance that the removal of the interior customs line would also involve the removal of the restrictions on entry into the Ruhr, showed that the number of German objections was being reduced. It was also decided to recommend the main conference to revive the Second and Third Commissions with the addition of German members.

At the full meeting in the evening at 9 P.M., the Chancellor detailed the German objections against the contemplated right to exact sanctions, based on Article 22, Part VIII, 2nd Annexe, of the Treaty of Versailles. Snowden agreed with the German standpoint, and asked what comments the German delegation had to make on the report of the First Commission. Herriot stated that he reserved his views on all this. These tactics seemed to be in large measure due to the influence of his colleagues, who passed him a sheet of notes. In immediate proximity to him were Clémentel, the Finance Minister, and a secretary, Massigli.

MacDonald suggested, by way of a middle course, that the German delegation should address a communication to the conference in which they declare themselves in agreement with the decisions of the First Commission, with a proviso as to safeguards. Stresemann then proposed that in the First Commission's report all reference to Article 22 should be omitted. A decision would not be reached at the evening meeting on August 6th, but postponed until the next meeting. Both suggestions, that of MacDonald

and of the German delegation, would then be discussed. The second point on which Marx had expounded the German point of view was the expression "flagrant default". From the German standpoint, an exact definition was called for, as various interpretations were possible. In the long debate that followed, the German delegation referred to MacDonald's speech in the House of Commons, and asked that the text of his remarks might be embodied in the Foreign Office records, as it would be of great importance for subsequent interpretation.

Snowden, who spoke repeatedly, warmly supported the German point of view. He said that the text was English, and that the expression "Flagrant default" must in all circumstances mean a will to default, *i.e.* a deliberate ill-will. He was convinced that no other view could be put forward in the conference. Whereupon Herriot pointed out that neither the Allied delegations nor the German Government would be called upon to ascertain the interpretation of the phrase "flagrant default"; that was the business of the Reparations Commission.

In reply, Stresemann stated that the Reparations Commission derived its power from the nations who signed the Treaty of Versailles. The Governments in question were therefore doubtless competent to decide this matter. Apart from this expedient, it was possible to induce the authors of the report to state what they understood by the expression. The Foreign Committee of the Reichstag had interrogated him on the point; and he would find himself in great difficulty if he was not in a position to clear it up on his return.

A definite decision was not reached on this point either; it was deferred until the meeting on the following day.

Sir Eyre Crowe then reported on the deliberations of the sub-commission, in which his impression was that a good deal of progress had been made. The number of points at issue had sensibly diminished. It had been decided that the sub-commission should meet again at 11 A.M. on the following day. The full conference would then be summoned to deal with the two points in dispute arising out of the first *communiqué*, and to discuss the amnesty.

Herriot then asked personally that no member from the other side should make any attempt to approach the German Chancellor or the German Foreign Minister in private conversation.

Stresemann's impressions: The English Press extremely well

disposed to the German delegation. The speed with which the German counter-proposals were put forward made a good impression on English public opinion. There is a general conviction that Germany is honourably determined that the conference shall be brought to a successful conclusion. The fears that the numerous claims submitted by Germany, and the questions affecting the evacuation of the Ruhr set forth in the covering communication, would turn the English Press against Germany have not proved well founded. Even on this, the second day of the conference, it is observable that the question of the evacuation of the Ruhr is recognized as the cardinal point of the German claims.

August 7th

The conference of chief delegates met at 11 o'clock in the Prime Minister's room in the House of Commons. Germany again represented by Marx and Stresemann.

These negotiations were designated by Stresemann as "a satisfactory progress in their deliberations". As to the German counter-proposals to the report of the First Commission, regarding the question of sanctions it was agreed that the German delegation should subscribe to the substance of the Dawes Report, but that there should be express and definite safeguards against appeal to Article 22. The relevant communication of the German delegation would be attached to the protocol of the London Conference, and published. As regards the "flagrant default" question, MacDonald stated that there was general agreement among the Allies that his, MacDonald's, observations in the House of Commons on this matter represented the view of the Commission as a whole. The text of what he had said on August 5th was as follows:

"A serious default, *i.e.* one which comes before the Reparations Commission, is a large, general default, a flagrant default, a default which cannot be judged to be a mechanical default, a default about which it can be alleged and about which evidence can be presented, 'This could not have taken place unless there was a conspiracy in high places to throw off obligations undertaken in August 1924 by the German Government to put this report into operation.'"

Thus these two questions were settled in a sense favourable to Germany.

The meeting was broken off at this point as MacDonald had to be present in the House of Commons. The occasion was a stormy

debate on the conclusion of the Anglo-Russian Treaty, which was vigorously opposed by the Liberal-Conservative Opposition in the House. Stresemann notes one point of interest, that "the treaty grants extra-territoriality to certain members of the Russian Trade Delegation in respect of their persons and their offices".

When the conversations were resumed the amnesty question was discussed, in the course of which the Chancellor and Stresemann again represented the German attitude. In this matter, too, sensible progress was made in the morning meeting of August 7th. The point at issue was the erasure of the clause stating that the amnesty should be general except in the case of acts that had endangered the safety of the army of occupation. As regards the amnesty on the German side, certain difficulties arose. The Chancellor emphasized the impossibility of releasing *traitors*, who had conspired against the safety of the Reich. MacDonald replied that the word treason admitted of more than one interpretation. What had happened since January 11th, 1923, must be wiped out and a fresh start made. The result of this conversation was the appointment of a sub-commission of Franco-Belgian and German jurists, of which the German member was Ministerialdirektor Gaus, of the Foreign Ministry.

At the lunch interval, Herriot's confidential agent, the representative of the *Quotidien*, was instructed to get into touch with the German delegation. The fact that at the morning meeting Herriot had adopted quite a different demeanour from that which he had displayed on the day before, and had repeatedly signified his agreement with the remarks of the German delegation by a "Ja" uttered in German, made it clear that his mood had changed considerably for the better. After he had, that morning, suggested an informal meeting, as a result of the above-mentioned intervention, Marx and Stresemann called at the Hyde Park Hotel at 3 o'clock the same afternoon; Herriot returned the call at once, presenting himself at the Ritz Hotel at 4.15. At these two interviews the conversation was limited to courteous commonplaces, and conference matters were hardly mentioned. At his return visit, Herriot expressed the hope that "a better atmosphere would soon be established".

At the meeting of the full conference at 5 o'clock the same afternoon Stresemann and Luther were present on the German side. Luther stated that Germany could not undertake to provide security for the conclusion of the loan, such as had been demanded by

the Reparations Commission. It was the business of the conference to conclude the loan. MacDonald here observed that there had been an error in the drafting of the text. In his view, this condition involved no special obligation on the German Government. There was no actual or moral obligation on Germany to carry through this loan. If the loan was not forthcoming, no responsibility lay upon Germany.

In this discussion the difficulties of the conference found sharp expression. Luther insisted that the provision of the loan should be secured. The attitude of the bankers, with which the German delegation were already acquainted, made it clear that there had been very heated discussions among the Allies regarding the conclusion of a loan. MacDonald finally observed that since, in point of fact, the Report had not been adopted, no obligations attached to anyone if the loan was not concluded. Stresemann took particular notice of one remark of MacDonald: "Either the Report will be adopted, and the loan will be raised; well and good. Or the Report will not be adopted, and the loan will not be raised, and all will be in vain; also, well and good."

In the course of the conversation, which began to assume a rather acrimonious character, Stresemann stated that it was an error in the report of the Second Commission to establish an obligation upon Germany for the conclusion of a loan. The German delegation were glad to hear from the English Prime Minister that there was no such obligation. In reply to some remarks from the French Finance Minister, Clémentel, who laid stress on the fact that one of the American bankers mainly concerned was in favour of the present programme, and that the bankers would not insist on any further conditions, Snowden promptly observed that he, too, had talked with some American bankers, and had been told quite a different story. Stresemann hoped that the optimism of the Belgian Premier, Theunis, might prove to be justified; he desired, however, to emphasize the fact that one of the main tasks of the German Government was to alter the whole economic and financial system of the country, and it was essential to know to what end this task was being undertaken. The meeting closed with a statement from the British Prime Minister that the conference must get on with its work and reach a decision, but that further examination of this subject was impracticable.

Dr Breitscheid, member of the Reichstag, informed Stresemann

of a two and a half hours' conference he had had with Herriot. The French Premier wanted to ascertain from the German delegation whether they were prepared to negotiate on the basis that the Ruhr should be evacuated after the conclusion of Military Control. Breitscheid said that Herriot emphasized that this conjunction would enable him to assure France that there was no need to be apprehensive about the question of security. If the position developed as he, Herriot, hoped, the evacuation of the Ruhr might begin at once. Further, Clémentel expressed himself as anxious to initiate negotiations for a Franco-German commercial treaty, but he stipulated that, until the treaty should come into force, and at least for three years, imports should be admitted from Alsace-Lorraine free of dues, as contemplated under the Treaty of Versailles until January 10th, 1925. Finally, Herriot intimated that he was desirous of concluding a security-pact between France and Germany, and in this connection he recalled Cuno's offer.

Marx and Stresemann thereupon told Dr Breitscheid that the establishment of any connection between Military Control and the evacuation of the Ruhr was quite impossible for the German Government. They were ready to discuss the questions raised: but Stresemann left no doubt that Clémentel's wishes regarding freedom of dues for imports from Alsace-Lorraine were quite impossible of fulfilment. Negotiations on general lines regarding a commercial treaty were certainly feasible, and there was no doubt that a mutual security-pact would be welcomed by Germany.

Meetings of the Committees of Experts took place on August 7th.

August 8th

(From Stresemann's diary: "11.0: Press conference. 2.30: full meeting of the conference; MacDonald against postponement. Evening: dinner with Kellogg. Later: talk with Herriot. Then Carlton Hotel: meeting with McKenna. Terms offered by the banks.")

At the full meeting, which began at 2.30, Stresemann and Luther were present.

The main item for discussion was whether, in the case of a difference of opinion between the Transfer Committee and Germany regarding the type of long-term investments to be bought with the resources at the disposal of the Agent for Reparations, the

point should be referred to arbitration. Germany opposed any such provision. Dr Luther founded his objections on the fact that it would be impossible for a neutral to be really acquainted with the inner economic needs of Germany. This question trenchanted upon German economic sovereignty. Only Germany herself could decide how far these encroachments on her economy were endurable. The Experts had, said Dr Luther, excluded any idea of arbitration, and expressly laid down that there must be agreement between the Transfer Committee and the German Government. In this regard the Experts were in agreement with the view he had represented throughout.

Herriot urged that, in the Allied Conference at which the draft had been adopted, members of the Experts' Committee had taken part. The draft of the Experts' Committee was doubtless to be explained by an omission on the part of the Experts, since those who had drawn up the London draft had stated that if the working of the Plan was not to be brought to a complete standstill in the event of a disagreement between Germany and the Allies, some provision for arbitration was essential. Theunis, the Belgian Premier, contested the German standpoint by urging that the operation in question would only begin when the Agent-General had accumulated at least 2 milliards of gold marks. There was no risk to the independence of German industry, since the amount of these investments was strictly limited. The maximum was 5 milliards, so that the sum in question might be reckoned at the most at 3 milliards of marks.

Snowden stated that this question also affected British industrial interests. As France received 52 per cent of reparations, she could take a rather larger share in the purchase of German industrial undertakings than any other country. The German standpoint that an arbitrating tribunal could not be recognized was, in Snowden's view, justified. Snowden went on to say that Germany must be the more careful to protect herself against any arbitrating body of the kind, inasmuch as the sum was so far fixed that the long-term loans only began at 2 milliards, and the sum of 5 milliards was not strictly limited.

It was determined after prolonged discussion between the Allies to ascertain the intention of the authors of the Report, by asking those members of the Dawes' Committee who were present in London what was the correct interpretation of the text. When

this decision had been taken, Herriot observed that if arbitration was abandoned in this connection, other provisions for arbitration would have to be set aside, since the idea of arbitration was to be accepted or rejected as such.

Towards the end of the meeting the general position of the conference was discussed. MacDonald said that he realized with regret that no great progress had been made during the last two days. He went so far as to say that if they could get on no faster, it would be better to break off the conference, and postpone it until a later date, a view with which the French Premier expressed himself as in complete agreement. This statement by Herriot was to be explained by the fact that it had become known that the Second and Third sub-commissions had not finished their work. The Second Commission had left two important questions undecided, and the Third was still involved in the discussion of a pressing matter—the deliveries in kind.

Stresemann said that the German delegation was not responsible for the delay. They had been prepared to work day and night, if necessary, to get forward. Stresemann also pointed out that the German delegation had submitted their comments with extraordinary promptitude. The Second Commission had, in fact, fairly quickly reached agreement on the majority of the questions with which it had to deal. He suggested that there should be further meetings on Saturday and Sunday.

MacDonald said that if everyone had worked as quickly as the German delegation he would have had no reason to complain. He wished it to be understood that none of his observations had any reference to the German delegation, which indeed might have been regarded as an example to all the others in the speed with which it done its work. But it was not right that the sub-commissions should adopt recommendations that upset the work of the Allies, and necessitated the establishment of completely new formulae. The sub-commissions showed a tendency to open up questions that had been already decided by the conference of the Allies. That was not the business of the sub-commissions. In this statement MacDonald was referring to the fact that new formulae had been brought forward by the French in regard to deliveries in kind.

The situation was made more difficult by some negotiations that took place on August 8th with the Reparations Commission on the

question of the signature of a protocol put forward by the Commission regarding the carrying out of the Plan. This protocol contained a provision that the London scale of payments of 1921 should again come into operation if the Experts' Plan was discontinued. This proposal led to some lively passages between England and France. The German delegation conveyed their view in the afternoon through von Schubert that the protocol should not be signed until after a conference had taken place with the English Prime Minister. Having regard to Snowden's attitude and the reports of Dr Schacht regarding the attitude of the bankers, the original contention of the German delegation was that the document should not be signed. As a result of a conversation with MacDonald it was intimated that Germany was prepared to sign, subject to certain essential emendations from the German point of view. Barthou, the French chairman of the Reparations Commission, grew extremely excited at the German attitude and threatened to leave Paris.

STRESEMANN'S FIRST CONVERSATION WITH HERRIOT

After the dinner with the American Ambassador Kellogg, at which Herriot was present—MacDonald had been most earnest in furthering this opportunity of a meeting between Herriot and Stresemann—a detailed conversation took place between the two men. Herriot, who was proposing to leave London for Paris on the following day (August 9th), gave as the reason for his departure difficulties which he was having with his own Cabinet. The main cause was the opening of the question of evacuation at the London Conference. At the conversations at Chequers between him and the English Prime Minister, it had been expressly agreed that this question should not be discussed at the London Conference. The Germans had now raised the question and wanted it settled. As a result of his deliberations in Paris, more particularly in the Council of Ministers, he hoped for greater freedom of movement in London.

In connection with these observations with Herriot, Stresemann described the political situation in Germany. He went into all the difficulties that confronted the German Government and, as regarding Herriot's idea of connecting the question of Military Control with the evacuation of the Ruhr, with the purpose of relieving the French fear of a National movement in Germany, he gave a detailed account of these movements which had been the cause of French apprehension. The German National movement,

which had obtained a great success at the May Elections in 1924, was now in a decline; it was no longer supported by Industry and Agriculture. Ludendorff, one of the main exponents of the movement, had greatly lost influence in Germany by his behaviour. Stresemann called attention to the attitude of the great Industrial Associations in Germany to the Experts' Plan. In spite of Hugenberg's agitation there was, in the Association of German Industry, a large majority for the acceptance of the Plan. Beside the large national organizations, which aroused apprehension in France, and which were assumed to be opposed to a German-French understanding, there existed a great republican organization like the Reichsbanner, thus ensuring a balance of forces in Germany. The prospect of peaceful development in Germany would certainly be aided if the Experts' Plan were adopted. In this connection, however, it was essential to take account of the psychological attitude of the German people. Stresemann gave certain instances, more especially from his experiences during the last election, to illustrate the great significance of military evacuation to German popular sentiment. Herriot interrupted Stresemann at this point to express his warm agreement with the tenor of Stresemann's address to the German People's Party at the assemblage in Hanover: "Through sacrifice and work to freedom". Herriot said that he wholly understood that Germany must demand an equivalent for her surrender of sovereignty in various industrial spheres and for her great financial sacrifices. Stresemann referred to the proceedings of the Foreign Committee of the Reichstag, in which he would certainly be interrogated as to the date by which military evacuation might be expected to take place. He had said that the territory seized by way of "sanction" should be evacuated within a reasonable time, which should, in fact, be measured by months. On this point also Herriot expressed his entire agreement.

As regards the question of the amnesty, Stresemann pleaded for an unconditional amnesty for all the so-called Ruhr criminals. Herriot told Stresemann that he entirely supported this view. He used the following words: "I love France and I love every man who fights for France, so that I can completely understand that Germany should take the part of any man who fought for Germany in the Ruhr war". Herriot referred to the difficulties which would confront him in France in regard to this matter owing to his long absence—he had now been in London for a month.

Stresemann emphasized the necessity of restoring German judicial sovereignty in the occupied areas, and he mentioned that military interference with the course of justice had extended to plain commercial cases such as those affecting bills of exchange, in which the military authorities interfered in favour of the Separatists. Stresemann once more insisted that the general atmosphere in Germany was due not least to Poincaré's policy. He described, and Herriot heartily agreed, Poincaré's betrayal of his word at the time when passive resistance was abandoned. Poincaré had then promised that, twenty-four hours after the abandonment of resistance, negotiations over the Reparations problem could begin. Poincaré had not kept this promise.

At this point the conversation was broken off as Stresemann was called away, and shortly afterwards Herriot was summoned to attend a meeting of the French Delegation at the Hyde Park Hotel. At the close of the conversation Herriot said that he would be back in London on the following Monday (August 11th), and that he hoped to continue the talk at the earliest opportunity. The American Ambassador Kellogg, who had been present at the interview, expressed a hope that Herriot would make an early opportunity of continuing the conversation.

After a short interview with Montagu Norman and Kellogg, Stresemann went to the Carlton Hotel, where he met McKenna. Stresemann urged that it was desirable to inform the public that the Allied Conference in London had in the main settled only technical points, but that political questions had stood outside the discussion. McKenna said that the conditions laid down by the bankers for the issue of a loan were—the liberation of a territory seized by way of "sanction", safeguards against a repetition of such action by France, the limitation of the competence of the Rhineland Commission, and the creation of a court of arbitration to interpret the terms of the Treaty of Versailles: the conference was quite well acquainted with these stipulations.

HERRIOT FLIES TO PARIS

Reports in the English Press that the success or failure of the conference depended on Herriot's journey to Paris coincided with the impressions that Stresemann carried away from his interview with Herriot

He came to the conclusion that Herriot was perturbed and uncertain in mind. He felt himself surrounded by intrigue, and wanted—indeed this was the reason given for his journey to Paris—to secure his ground once more in Paris, in order not to fall a victim to a plot in his absence. His purpose was to overcome the misgivings of the Right Wing of his Cabinet, and then, as he hoped, to return to London freer and more independent. One had at least to give him credit for goodwill. Conference rumours to the effect that Herriot would not come back to London at all, Stresemann regarded with scepticism. At the meeting, however, on August 8th Clémentel had concluded some observations with the words: "Wait and see whether we come back on Monday. I don't at the moment know whether, politically speaking, we shall survive Sunday."

Herriot's position is made clear by the fact that the main issue that lay behind the journey was the conflict between the Radical Socialists and the French War Minister Nollet regarding military evacuation. Nollet's proposal to connect the question of military evacuation with that of military control, and to combine the disarmament question with the problem of security, met with resistance from MacDonald. Moreover, it was known that the Belgians wanted to get out of the Ruhr as soon as possible. It was therefore uncertain whether Nollet would secure a majority vote in the Council of Ministers or resign.

BRACHT FLIES TO BERLIN

On August 8th Bracht, Secretary of State in the Reich Chancery, flew to Berlin to inform the Cabinet of the position in London. More specifically, the Cabinet had to decide on the line to be taken in regard to the conditions laid down by the French in connection with evacuation and the question of amnesty.

The prospects of a loan were discussed with Secretary of State Bergmann, and the question as to what should be the rejoinder to the protocol of the Reparations Commission. After all the German claims had been met in the draft protocol, the agreement of the Cabinet and the President was obtained, and late in the evening the protocol was signed by the German delegates.

Before this, Stresemann had received a visit from the Chairman of the Reparations Commission, Barthou.

A report was received regarding the meeting of the Cabinet in Berlin on August 8th, to the effect that the proceedings of the conference up to date had been approved by the Rump Cabinet.

August 10th

The three delegates (Marx, Stresemann, and Luther), accompanied by the German Ambassador Sthamer, went on a visit to Lord Parmoor, Lord President of the Council and Leader of the Upper House. About 4 o'clock the members of the delegation were summoned back to London by MacDonald.

The German delegation discussed what attitude they should adopt at the full meeting of the conference on the following day. The report of the Second Committee could only be agreed to if a special committee were created to deal with the negotiations regarding the ejected officials. The German delegation could only take up a definite attitude to the report of the Third Committee, on deliveries in kind, and the Transfer Arbitration Court, when the political decisions had been taken. On the evening of August 10th Dr Marx went to see the English Premier to discuss the situation.

Regarding the meeting of the French Council of Ministers the following *communiqué* was published:

"The Premier and his colleagues MM. Clémentel and General Nollet, who are representing France at the debates on the various questions now before the London Conference, to-day informed the Council of Ministers of the progress of the negotiations. They received the unanimous approval of the Council of Ministers. MM. Herriot, Clémentel, and General Nollet are returning to London to-day, Sunday."

August 11th

On August 11th the full meeting of the conference took place at 11 o'clock. On the German side, Marx and Stresemann were present. To begin with, the report of the committee of Belgian, French, and German jurists regarding the amnesty questions was briefly discussed, with the result that the further treatment of the matter was reserved for the delegations concerned.

The report of the Second Committee was adopted with the reservation that the question of the reinstatement of the ejected officials, as being a political question, should be a subject of discussion between the delegates concerned. A German proposal that in all decisions that affected the fulfilment of the Dawes Plan, an American citizen with full voting powers should sit on the Reparations Commission, was adopted without debate, after Herriot had promptly signified his assent. At the close of this meeting MacDonald asked the delegates whether they would agree to the

final meeting being photographed. This was taken as an indication of the general impression that the negotiations were approaching a quick and satisfactory issue.

In the afternoon there was a visit of courtesy from the Chancellor and the Foreign Minister to the leaders of the Belgian delegation, Theunis and Hymans. This visit was returned at the Ritz Hotel. The Belgian Premier observed that he, who had been present at almost all the international post-War conferences, had never found so good an atmosphere as in London. Moreover, both the Belgians indicated their desire to settle commercial relations between the two countries as soon as might be. At a conversation that Stresemann had at 3 o'clock with Clémentel and Seydoux, an Under-Secretary of State, suggestions were put forward for a Franco-German commercial treaty.

SECOND INTERVIEW BETWEEN HERRIOT AND STRESEMANN

About 6 o'clock an interview took place between Stresemann and Herriot. Herriot described the situation in France. In the preliminary negotiations, both at Chequers and upon the occasion of MacDonald's visit to Paris, military questions had not been discussed. He had, in both his speeches in the Chamber and in the Senate, said that he had not asked for a discussion of the question of evacuation. Now, here in London, MacDonald had enquired whether he could not meet the views of the Germans regarding evacuation. In view of this situation he had gone to Paris to get the consent of his Cabinet to the evacuation of the Ruhr. He had only obtained this consent on the basis that the process of evacuation would be completed in a year. If he went further he ran the risk of being overthrown by the Senate. Moreover, the President of the French Republic, Doumergue, had, as Deputy, brought forward the motion as the result of which the Ruhr had been occupied. He had had a sharp passage of arms with General Nollet and an even sharper one with Foch. Nollet had said bitterly: "Vous m'avez trompé, M. Herriot". The necessity of not abandoning the occupation of the Ruhr before the lapse of a year, Herriot based on the state of public opinion in France, which proceeded on the assumption that the actual payments from Germany, as a result of the loan, which would fall due in the first year, would not in fact be forthcoming until the second year.

Stresemann said that he quite appreciated the difficulties of the parliamentary situation in France, and on that account had opposed the inclination in Germany to make the acceptance of the Experts' Plan conditional on the immediate evacuation of the Ruhr. None the less, the interval of a year was decidedly too long. The French had, through Clémentel, opened the question of a commercial understanding. This was in no way connected with the Plan. Public opinion in Germany was very excited over the French attempts to create such a connection; and Industry threatened to close down. Resolved as the Government was to discuss the commercial treaty with France on a reasonable basis, public opinion would not understand if Germany accepted the Experts' Plan, and proceeded to guarantee certain commercial advantages to France in addition, whereas the evacuation of the Ruhr was deferred for a year. Stresemann most earnestly urged Herriot to propose a shorter interval, and asked also whether the evacuation could not begin at once. For Germany not merely the concluding date, but the commencing date, was of decisive significance. German public opinion would like to see the evacuation of these important German territories begin at once, as an indication that the treaty relations between France and Germany were gradually coming into force again. Herriot replied that he personally regarded the occupation of the Ruhr as a violation of international law. But he had to take account of public opinion in France and even in the ranks of his own Party. He would seize every possible opportunity to shorten the interval. He said he had already given instructions for a plan of evacuation to be drawn up. He proposed to bring this plan with him to the next meeting.

Stresemann told Herriot that he could not ask the German Parliament to acquiesce in the postponement of evacuation for a year, and that he must absolutely stand out for a shortening of the period. Herriot promised an answer on this point later.

A detailed discussion followed regarding the question of the railways, but led to no result, as Herriot sheltered himself behind the military point of view.

In the course of the conversation the question of the loan was discussed, in which connection Stresemann called attention to the difficulties which the banks had made. It was the business of the Allies to secure the loan. Herriot showed great nervousness at the mention of the difficulties that the bankers had made. An American

banker had given him a list of twenty-five conditions precedent to a loan. If the bankers attempted to attach definite conditions to a loan, Herriot said that he would prefer to let the whole Plan go for nothing; and if the banks refused the loan he would publish a manifesto appealing to the responsibility of the American people, especially as the Experts' Plan was brought into being by the initiative of America.

Stresemann records that the whole conversation, as regards this point, was conducted by Herriot with great vehemence; it began at 6.15 and ended at 8 o'clock.

August 12th

On August 12th the conference of the "Great Fourteen" met at 11 o'clock. Marx and Stresemann were present as German representatives.

On the question of long-term investments in Germany, and the establishment of a Court of Arbitration to determine the list of concerns that were to be considered for such a purpose, the members of the Dawes Committee present in London issued a statement leaving out of account the 2 and 5 milliard limits, and expressing the view that a refusal by Germany in the matter of the list must be taken to be a "financial manœuvre" on her part.

MacDonald observed in his opening speech that this interpretation by the Experts was not binding on the conference. Their view could be accepted or rejected. It could not be regarded as official, as all the Experts were not in London, and it would be very objectionable to entrust the final judgment of a part of the Plan to only a few members of the committee. The American Ambassador Kellogg explained that he had no notion of trying to establish here and now any official interpretation of the Dawes Report. MacDonald added that the opinion of the Experts was useful; it could be esteemed as a personal expression of opinion given individually to the members of the delegations, but would not be officially recorded in the protocol of the conference. MacDonald proposed that the question of the Court of Arbitration should be referred to a special committee.

Herriot vigorously opposed this proposal. He recalled that two questions had been especially prominent in the discussion of August 8th. The first—viz. to what extent long-term investments should be made in Germany—was open to discussion. The second

—the question of the Court of Arbitration—was outside discussion. If the principle of arbitration was not applied in this case, as it had been employed by the conference in another instance, the whole system of arbitration, based on French proposals, would be undermined. Herriot expressed the conviction that arbitration was just as much in the interest of Germany as of the Allies. MacDonald again returned to his proposal that the matter should be referred to a special committee. Herriot stuck to his view, and said that if arbitration were dropped in this case, France would withdraw her agreement to the other arbitration proposals. Dr Luther emphasized the immense importance of this question for Germany. If Germany was to express an opinion on the idea of arbitration in this connection, the competence of the Court must be very exactly defined.

The debate, which lasted for more than two hours, ended in MacDonald, with Snowden's support, gaining his point, viz. that a special committee should test the interpretation of these clauses of the Report, so as to discover one that would enable the German delegation to accept the idea of arbitration in this connection. In the course of the discussion there were heated passages of arms between Snowden and Herriot. Snowden, who took Luther's point of view, said that he had always sympathized with Herriot's proposals regarding arbitration procedure, and he hoped that Herriot would display the same enthusiasm for arbitration on other matters, in which, on the same grounds as those put forward by Herriot to-day, a decision by such a method was necessary. Herriot replied that the attitude of the French delegation was that adopted by all the Allied Powers. The Belgian Foreign Minister, Hymans, supported this statement. Snowden then observed: "If the Inter-Allied Conference is to take the view that everything in this Report is unalterable, why was the German delegation invited to London?"

This friction between the Franco-Belgian delegation and Snowden found frequent expression in the course of the conference, with the result that Snowden, in his intention of supporting the German standpoint, often damaged the German case by the sharpness of his tone and arguments. One remark that Snowden began: "My chief point is . . ." was continued by the Belgian Foreign Minister in a whisper: "to stand by the German delegation".

At the close of this meeting, MacDonald made some observations on the state of business. All details had been practically solved by

the reports of the committees; and they were now confronted by the two great questions of the Franco-Belgian railwaymen on the Rhenish railways, and the evacuation of the Ruhr. The last question must be discussed between the countries concerned. The conference wanted a report on this matter before concluding its labours. Herriot replied that the first question, namely the railwaymen, was within the competence of the conference; indeed it had been discussed by the second Inter-Allied Committee. As to the second point, however great was its importance, he must call attention to the fact that it was not a matter for this conference, but could only be dealt with by the Governments concerned. Negotiations on the evacuation of the Ruhr were already under way. The Belgian Foreign Minister agreed with Herriot. MacDonald said that he hoped that the question of the railwaymen might be discussed at the conference next day. Herriot replied that this would be probably possible as the French, Belgian, and German delegates had had some discussion on the subject.

In the afternoon at half-past two, at MacDonald's suggestion, the German delegation came to 10 Downing Street for a consultation. MacDonald said that he wanted to discuss the two points raised at the close of the morning's meeting, and he was more especially interested to know how far the negotiations with the French and Belgians had gone. Stresemann gave an account of his talk with Herriot, in which he expressed the view that on the question of the railwaymen an agreement would probably be reached and that Herriot believed it would be possible to get them all removed. As regards the evacuation of the Ruhr, Herriot called attention to the great difficulties with which he was confronted.

MacDonald told the German delegation once more that he had never approved the occupation of the Ruhr. As this question was not on the programme of the conference, he wanted to remain outside the negotiations so as to be able finally to throw the weight of his opinion into the scales. The Chancellor, Marx, who addressed MacDonald on the subject of the evacuation of the Cologne Zone, was told that this proceeding did not depend on England alone. The Versailles Treaty had transformed it into an inter-Allied question. Though Germany had, in the view of England, conscientiously carried out her treaty obligations, an Allied Conference must be called, at which there was always a risk that England might be out-voted. MacDonald then called attention to the difficulties in

the question of disarmament, as to which the Ambassadors' Conference took the view that Germany had hitherto not fulfilled her obligations in this connection. MacDonald took occasion to mention a personal contretemps that had occurred in the course of August over the Military Control Commission. The English General involved had preserved the peace, and matters were now somewhat easier.

In the course of the interview MacDonald gave his opinion on the question of long-term investments, and stated that he took the German view in this matter. It was not entirely an affair of internal German economy; in the last resort, every economic organism affected the economy of the world as a whole. He very much regretted that Sir Robert Kindersley had added his authority to the Experts' interpretation, and he hoped that some understanding might be reached at the afternoon meeting.

MacDonald confessed that the politico-economic conversations between France and Germany had caused him a little anxiety. England had nothing against the conclusion of a commercial treaty between Germany and France, but he feared that these negotiations might affect the interests of other countries.

As regards the question of long-term investments, a solution was reached on August 12th to which the Germans were able to agree. It was clear in the course of the negotiations that the English delegation vigorously supported the German point of view in accordance with the assurance given by MacDonald.

On the same day a conversation took place between Luther and Clémentel regarding the prospects of a commercial treaty.

August 13th

On August 13th, at 10.30 o'clock, a decisive conversation took place between the German, French, and Belgian delegates regarding the question of evacuation.

On the German side, the chief delegates, Marx, Stresemann, and Luther, were present at this "three-cornered" conference; for France, Herriot and Perretti della Rocca; for Belgium, Theunis and Hymans.

To begin with, the expulsions, and the question of the restoration of fiscal and economic unity in the Ruhr, were discussed. The French put forward a draft agreement between the Franco-Belgian and German Governments. The exact text was to be con-

sidered at once by experts on both sides. Various questions were raised in connection with deliveries in kind; and finally the questions of evacuation of the Ruhr, and the railwaymen.

On the question of the evacuation of the Ruhr it became clear that Herriot's attitude was much more uncompromising than seemed to be indicated by his statements on August 11th. This was largely to be explained by the presence of the French Deputy Loucheur, who—so it had been reported in the Press—after a stormy interview with Herriot in London, had threatened to withdraw his following of 42 Deputies if Herriot agreed to evacuation before the lapse of a year.

Herriot recapitulated the arguments that he had used in his first conversation with Stresemann regarding an earlier evacuation. He pointed out that the German payments did not really begin until the second year. Once again he laid stress on the fact that he had gone to London after assuring the French Parliament that the question of the Ruhr would not be discussed in London. The discrepancy between these statements, which he had made before both the Chamber and the Senate, and the actual course of events, would be dangerous for himself and his Cabinet. If his Cabinet was turned out, peace would be threatened. It was not within his power to concede an evacuation by stages before the prescribed year's interval.

Stresemann met Herriot's arguments just as he had done in the conversation on Monday. He especially combated the view that the payments from Germany would not begin until the second year of the Plan. The obligation for the payment of interest on the loan of 800 millions began at once. The German Government had stated that they looked on the Experts' Plan as the foundation "for a speedy settlement of the Reparations question". In conjunction with this, such forcible methods as the occupation of the Ruhr, designed to extract payments from Germany by force, were no longer justified. Stresemann called attention to the great parliamentary difficulties that would confront the German Government in the Reichstag, and to the fact that the passing of the Dawes Laws, which involved an alteration of the Constitution, would require a two-thirds majority in the Reichstag.

The Belgian Premier said that France had invaded the Ruhr with the purpose of staying there until the last pfennig had been paid. Belgium had reserved the possibility of retiring from the

Ruhr according as the state of German payments might appear to admit. In this way the Belgian Government had a certain freedom of movement. Herriot's proposal that the occupation should be extended for a year subject to the restoration of economic freedom, and the abandonment of any attempt at interference, was, in the Belgian view, a far-reaching concession.

At 4 o'clock in the afternoon the Chancellor went to see the English Prime Minister to inform him, in accordance with his request, of the negotiations of the German and Franco-Belgian delegations on this matter.

As Herriot's statements regarding a "maximum evacuation interval" were not altogether clear, through the agency of the representative of the *Quotidien* Stresemann asked that the phrase might be more exactly defined; and a further statement was available for the interview between the German and Franco-Belgian delegations that took place at 5 o'clock. At the afternoon meeting, the Ministers Clémentel and Nollet were present. Herriot declared on this occasion that he was ready to go to the farthest limit of what was possible for him. Before the meeting Herriot had put out a plain and uncompromising statement of his personal position.

"I propose the following formula:

"The maximum delay to be one year, because I do not think I can agree to any lesser period and because I am not empowered by the French Government to do so.

"If, however, the relations between France and Germany soon improve, if as the result of our common efforts the state of public opinion alters, I will gladly consider either a reduction in the army of occupation, or of the occupied area, or something even more favourable.

"I can give no official assurances that would be binding.

"I can only give expression to a wish and a hope."

Herriot stated that he found himself in the position of the Head of a Government who had betrayed his Parliament. Luther emphasized the difficulties in connection with the loan that might arise out of an uncompromising attitude on part of the French. This meeting had no practical result. The question of the return of the exiles was then considered.

At midnight there was a conversation between MacDonald and Stresemann. Stresemann had himself asked for this interview to amplify the report he had given the Prime Minister in the afternoon

regarding the result of the negotiations with the French and Belgians, and to point out that the conference was in danger. Stresemann mentioned that Herriot's attitude seemed to have greatly stiffened. MacDonald said that he, too, had the impression that on Monday Herriot was prepared to make any concession; but to-day he was extraordinarily excited and unmanageable. MacDonald said that he did not see how further progress was to be made. Hitherto he had refrained from taking up any position on the question of the Ruhr; but unfortunately the American Ambassador Kellogg had expressed his support of Herriot's proposal for evacuation in a year's time, which considerably strengthened the Franco-Belgian position. MacDonald, too, ascribed Herriot's attitude to the influence of Loucheur, who was always a menacing figure behind the French Premier. Stresemann then gave MacDonald a few suggestions for a possible solution. He proposed evacuation by stages; and the quicker evacuation of Düsseldorf and Ruhrort, both of them seized by way of "sanction". He also suggested that the intermediary period before evacuation should start from the date of the acceptance of the Experts' Plan—*i.e.* April.

MacDonald said that he did not think any further concessions from Herriot were probable. He regarded the position as very serious, especially as the Press was likely to get hold of the state of affairs, and endanger the whole issue of the conference.

THE CRITICAL 14TH OF AUGUST

Wednesday, the most critical day of the conference, began with a conversation between the German delegates, MacDonald, and Kellogg.

MacDonald said that after the conversations that he among others had had with Herriot, it was clear that Herriot could not abate the interval of one year before evacuation began. At the same time Herriot had stated that the question at issue was the maximum period. MacDonald asked whether there had been any decision from Berlin.

Stresemann said No; and he went on to point out that it would be some alleviation if certain districts that were only occupied on technical grounds could be evacuated immediately after the conference, and if further areas which were only of technical importance could be liberated two months later. The Chancellor

asked whether, if the occupation were prolonged for a year, the bankers would grant the loan. The American Ambassador thought he could answer this question in the affirmative.

MacDonald urged emphatically that the bankers should be sounded once more as to their attitude to the political questions that had played so large a part in the conference. He himself, as Prime Minister of a Labour Government, would be subjected to the gravest reproaches if political decisions were made dependent on a bankers' vote.

Kellogg said that when Herriot went to Paris he had done everything he could to get the interval reduced before which the evacuation was to begin, but without success. He thought, however, that though the agreed interval could hardly be less than a year, when the Report had come into operation, Herriot would begin evacuation before the year was out. He had, for his part, frequently urged Herriot that the Ruhr should be evacuated by stages, but had always received the same unfavourable reply. Stresemann said that Herriot had promised him on Monday to put before him a plan for an evacuation by stages. It was necessary not merely to fix the end of the evacuation but also the beginning.

The result of the conference was that MacDonald and Kellogg expressed the opinion that the French Premier, having regard to his position in France, could not be expected to make a better offer than he had in fact done, and they advised Germany to accept it.

At this stage of the negotiations the public opinion of the world at large became somewhat agitated. The "question of guilt", in the case of a failure of the conference, began to throw its shadow before. In the English Press there was talk of an ultimatum. Although, having regard to the conversation between the German delegation, MacDonald, and Kellogg, this was hardly likely, yet it is certainly true that the danger of an ultimatum, though it would not have been couched in a form that could be so described, insisting on the acceptance of the Report as a whole and of the evacuation on the basis of the proposals put forward by France, began to look somewhat imminent. The English Press showed more than a disposition to attribute the responsibility for failure to Germany, who, for the sake of a few theoretical questions, had prevented the adoption of the Experts' Plan and a settlement of the issues at stake. The deliberations of the German delegation, and especially of

Stresemann at that moment, tended to consider whether it might not be desirable to accept the French offer as put forward, *i.e.* with the maximum of a year—especially as Herriot repeatedly stated that an agreement would secure his position, and that then, under certain circumstances, he might be able to start evacuating the Ruhr at an earlier date. In this event Stresemann certainly assumed that the Dortmund Zone would be evacuated at once, and that binding undertakings would be given regarding the evacuation of the cities occupied by way of "sanctions".

Dr Schacht, the President of the Reichsbank, took the view that a hostile attitude on the part of the German Government could be contemplated, but in that case the Reichsbank would be forced to impose the most stringent restrictions on credit. On this fourteenth of August, the turning-point of the London Conference, Stresemann observed privately to his colleagues that a speedy end to the conference was essential, as the nerves of the chief representatives were gravely strained through overwork, and the negotiations were beginning to suffer as a result.

At the meeting of the German and the Franco-Belgian Peace delegates at 10.30 o'clock, the French War Minister Nollet being absent, Herriot said that in reckoning the interval for purposes of evacuation he proposed to regard the date of the signature of the London agreements as a starting-point. When Stresemann objected, he said that the interval might count from the day on which the German and the Franco-Belgian delegates came to an understanding. The German delegation was then asked whether they had agreed as to this, and Marx stated that the delegation had not yet received a final decision from Berlin. Marx once more earnestly urged the French and the Belgians to concede a shorter interval. As there was as yet no communication from Berlin, it was proposed to continue the conversations at 5 o'clock. In the meantime the questions of deliveries in kind and amnesties were discussed.

At 2.30 o'clock in the afternoon Marx visited Herriot at his hotel, to discuss afresh the question of evacuation, in an attempt to find the way to an understanding. The Chancellor again suggested shortening the interval by antedating its commencement. He also pressed for the evacuation to take place in stages.

Herriot again referred to the decision of his Cabinet which prevented him accepting any shorter interval than a year, and made such a proceeding impossible. Moreover, an evacuation in stages was

also contrary to the decision of the French Government. Herriot said that he was anxious to give further proof of his honourable intentions. But as he asked for the strictest discretion, Marx replied that such a pledge was in practice useless as his task at the moment was to obtain the agreement of his Cabinet and the Parliamentary Parties. Furthermore the Chancellor informed Herriot that the German delegation had decided, having regard to the precarious situation in Germany, to send the Finance Minister, Dr Luther, back to Berlin to secure the necessary plenary powers for the German delegation. Herriot said that he quite understood. He, too, would go to Paris in the meantime, as he had been for several weeks away from his capital.

Between 4.30 and 5 o'clock a conversation took place in the garden of the Prime Minister's house between the German, French, and Belgian delegates, towards the end of which MacDonald and Kellogg were also present. The Chancellor related the result of his discussion with Herriot and said that his purpose was to ask for a postponement of the full meeting fixed for 5 o'clock at the Prime Minister's house. The Belgian Premier was much perturbed at this development and suggested that Herriot was in a position to begin a partial evacuation at an earlier date. The French War Minister, Nollet, also tried to prevent a suspension of the conference by Dr Luther's departure. Herriot once more recounted to Luther the reasons which made it impossible for him to grant any further concession. Dr Luther went away to make his preparations to fly to Berlin.

MacDonald appeared, after having been informed by Herriot of what had passed, and invited the Chancellor and Stresemann to confer with him. He regarded Luther's departure as making an end of the conference and he said that he himself would leave it forthwith, as the conference would not admit of any further postponement. He referred to the suggestions in the Press of an ultimatum to Germany. The growing excitement in all countries made it impossible to reach an agreement on political questions. His own nervous strength had come to an end, and he felt he could do no more. The Chancellor and Stresemann said that it was, in fact, to save the conference that Luther was going to Berlin. MacDonald saw the justice of the German standpoint, but asked that a telegraphic report might first be sent.

At a further conversation between Marx, Stresemann, Mac-

Donald, Herriot, and Kellogg, Herriot unbosomed himself regarding his proposed gesture of goodwill which he had previously communicated to the Chancellor under a strict pledge of secrecy, and demonstrated his plans by the aid of a map. Further urgent requests from MacDonald and Kellogg for a telegraphic report, induced Marx and Stresemann to state that they would reconsider the question whether Dr Luther should go to Berlin.

At 5 o'clock in the afternoon the projected meeting of the Great Powers duly took place. The report of the First Committee regarding the presence of an American member on the Reparations Commission was approved, and there was some discussion of the query of the Special Committee regarding Resolution 3 of the Third Commission. The consultations of the German delegation in the evening ended with the decision to send a telegraphic report of the foregoing negotiations to Berlin.

Various news reached the delegation from Berlin in the course of August 14th, regarding the attitude of the Cabinet to Herriot's proposals for evacuation. The President stated that the delegation's contention that these proposals were unacceptable, was approved by him and by the Cabinet. The Vice-Chancellor, Jarres, said that in any circumstances a definite terminal date for the evacuation was desirable, that alleviations in the methods of occupation must be secured, and that a substantial area should be evacuated very shortly. Lord D'Abernon enquired as to the position of the negotiations in London, and received from Secretary of State von Maltzan a detailed account of the extremely critical situation. So, too, did Count Bosdari. Both Ambassadors said that, in view of this state of affairs, they would at any rate try to influence their delegations in a more favourable sense, and telegraphed accordingly to London.

August 15th

On Friday, August 15th, at 12.30, the Chancellor and the Foreign Minister paid a visit of courtesy to the Italian delegates. This visit was returned by the Italians at 5.15 in the afternoon. The decision from Berlin arrived about 1 o'clock, and after private discussions with the delegation, Marx and Stresemann went to report it to the Prime Minister.

The Cabinet met in Berlin at 7.30 A.M. on August 15th under the chairmanship of the President of the Reich, and, as a result, telegraphed its approval in principle of Herriot's last proposal. But as a condition, fresh efforts must be made to secure a curtailment of

the interval for evacuation, and that evacuation by stages should begin before the year in question was up; furthermore, they must demand a reduction in the number of troops and insist on the occupation being made *invisible*; Franco-Belgian assurances must also be obtained regarding the administration of the originally occupied area. Especially important was an assurance that no more support should be given to the Separatists. MacDonald said that there was little hope of any further concessions from Herriot. Notwithstanding the strongest pressure exercised by himself and Kellogg, they had not been able to get Herriot to budge on the question of evacuation.

As regards the Rhineland Statute, MacDonald asked for an indication of those decrees that, in the German view, violated the agreement.

At 7 o'clock there was a conversation at Herriot's hotel in the presence of Perretti della Rocca. Shortly afterwards, Clémentel and Nollet appeared. The Chancellor explained the German attitude. Herriot said that any further concession regarding the dates of evacuation was out of the question. He insisted that the settlement must be one of mutual trust, and he begged the German delegation to believe that they might trust him. His intention was to liquidate the Ruhr occupation, which he had always opposed. After prolonged negotiations, in the course of which Herriot displayed much agitation, he expressed himself as ready to let the experts on both sides decide on the boundaries of the Dortmund district which should be evacuated at once.

At one point in the discussion Herriot shouted out: "When my predecessor Poincaré invaded the Ruhr, everyone applauded enthusiastically and wished him success, and not one of the Allies stood out against him; but now that I, who have always fought against the occupation, am intending to evacuate the Ruhr, all manner of difficulties are put in my way. I am like a man walking down a staircase carrying some costly possession in my hands—Peace. If I am pushed from behind I shall fall. That does not matter as far as I am concerned; but if I fall, the precious object that I carry will be broken!"

Regarding the evacuation of Ruhrort the conversation was postponed until the following day.

THE LAST DAYS IN LONDON

On the day after his return to Berlin Stresemann wrote as follows regarding the last days of the negotiations:

On Saturday (16.8) morning there were, to begin with, negotiations with the French and Belgian delegates. As a result, it was agreed that, in regard to the evacuation of the Ruhr, the communication of the French Premier to the Chancellor should be confirmed by the latter. The draft of this document was laid before us. We then observed that the view was there expressed that the occupation of the Ruhr was in accordance with the Treaty of Versailles. Herr von Schubert set out the outlines of the German reply, in which we upheld our conceptions of the equities of the matter, and necessarily expressed the wish that the evacuation should take place at an earlier date; to which no objection was raised.

Herriot then stated that he would address a second communication to the Chancellor in which he would deal fully with the liberation of the Dortmund Zone; this he intended should take place on the day of the final signature of the Experts' Plan. He left it to us to decide whether we would answer this communication; we promised that an answer should be sent. Herriot then added that he would like some assurance that the withdrawal of the French troops would not lead to any sort of demonstrations against France. We said that we would do our utmost to ensure that the first actual evacuation should not be hindered by any demonstrations of the kind.

Then followed a discussion of deliveries in kind; and acute differences of opinion arose in connection with the question of dyestuff deliveries. Dr Luther emphasized the fact that the freedom of this industry was the more necessary as German production and German currency were to a great extent dependent on the free and unhampered development of this industry. Herriot pointed out in reply that in more than one clause of the Plan, the delivery of dyestuffs by Germany was expressly laid down. The Court of Arbitration, of which half the members would be German and the Chairmen neutral, would defend us against any unreasonable demands in this regard. It might be that the French customer asked for a delivery which was not compatible with German economic interests. In that case the Court of Arbitration would decide against him. What France wanted to secure was that the Chemical Industry

should not simply cease effecting deliveries to France. The question was referred to the Experts, and it was observed that, having regard to the preparations for the conclusion of the conference, it would be best if the Experts were shut up until they had come to an agreement.

We then withdrew to consider the answer to the questions, such as would be addressed to us later on in the day. Count Adelman suggested that another communication should be addressed to the French Premier regarding the administration of the occupied area after the agreement had come into force, so as if possible to get an answer from him which would enable us to refer to it. A communication was accordingly drafted forthwith and handed personally to Herriot by the Chancellor in the course of the day.

As the negotiations dragged on until 3 o'clock, and a short meeting of the Commission of Fourteen then took place to register several decisions, there was very little time to prepare for the final meeting fixed for 6.30. This was mainly employed in giving information to the Press, which I undertook to do, and then in drawing up a rough draft of the Chancellor's speech. In this speech the subject of War Guilt was to be raised; and an appropriate passage was agreed between us and embodied in the draft. But we urged the Chancellor to get into touch with MacDonald in regard to this passage, so that at least the President of the conference should be aware of our intention.

Before the main conference, however, at 6.30, a conference of the Allies had already taken place, and when we reached the Foreign Office about a quarter of an hour before our time, it proved impossible to get into any sort of communication with MacDonald. As to what, therefore, was to take place at the main conference, we only knew that MacDonald proposed to deliver a closing speech. Shortly before, he had consulted me in regard to this speech, in so far as he took me into his study and read me the remarks relating to Germany. He enquired whether I thought these remarks would have a good effect; and I said Yes. I reminded him that he had promised us he would make a statement about the evacuation of the districts seized as "sanctions". We had indeed raised this matter with the French and Belgians, and they had declared that the evacuation of these areas should take place at latest on the same day on which the Ruhr was evacuated. We recorded these statements, which Herriot and Theunis delivered in

the name of their Governments in a communication drafted by Herr von Schubert, which we conveyed to both Governments in the course of the evening. MacDonald said to me that he could not attach himself to the French and Belgian Governments in this matter as he was of opinion that the areas of "Sanction" should be evacuated much sooner. He would give us, on his own behalf, a statement by the British Government, that went much further. He had, in fact, already dictated such a statement.

While we were busy drafting the letters of reply to Herriot and Theunis, Sir Maurice Hankey handed us a communication that MacDonald had sent to the French Premier. In this MacDonald laid stress on the illegality of the occupation of the Ruhr, regretted that the evacuation had not taken place at once, and expressed the opinion that the fulfilment of the Experts' Plan would make a speedy evacuation necessary. We were glad to see this letter as it at least offered us the possibility of again pressing the speedier evacuation of the Ruhr. Suddenly we were asked to give back the letter, which made us afraid that MacDonald proposed to withdraw it altogether. But in the course of the evening the copy of the letter was returned to us and we were told that it stood unaltered.

The final meeting proceeded as follows: To begin with, a few formalities were disposed of, then the English Jurist made some observations about the signature of the Pact as a whole, after which MacDonald made his closing speech, which was received with great applause. Herriot followed in a speech in which he began by offering the thanks of all the delegates to MacDonald; then he proceeded to describe the specifically French point of view, emphasizing the fact that France desired no revenge but maintained her ancient creed of liberty, equality, and fraternity; and he spoke of a France that had suffered much and merely asked for justice.

For a time we were a little doubtful whether, in all the circumstances, it would be wise for the Chancellor to address the assembly. However, after Herriot, the American Ambassador, and the Belgian representative had spoken, the Chancellor got up; but he left the question of War Guilt out of his speech, as it had not been possible to arrive at any agreement with MacDonald. The Chancellor's speech was vigorously applauded, especially by the Americans, who apparently had a very bad conscience, because MacDonald and Kellogg's urgent suggestion, that we should accept the year's interval before evacuation was to begin, was severely criticized by us.

MacDonald himself, in the course of the last few days, had had repeated talks with the three delegates; sometimes with the Chancellor alone, sometimes with myself alone, and he never failed to insist that he had not presented any ultimatum to us, that he had always tried to do his best for Germany, and that we did him an injustice if we had any doubt of his goodwill. He was distressed by the fact that prominent members of the delegation had criticized him to representatives of the Press, and especially by the statement of a German expert that MacDonald and Kellogg were always to be found in the French trenches. It is true that in the last days of the conference the atmosphere of the delegation was not very friendly to MacDonald, because we believed that he might have given us more support over the question of evacuation. If indeed there was any criticism of his attitude, at least it had the good result of inducing him to give us more help in the last few days especially in regard to the immediate evacuation of the Dortmund Zone, the letter to Herriot, and the statement which he proposed to give us regarding the "sanction" areas.

After the close of the conference we went back to our hotel, and came to the conclusion that we ought to address to MacDonald a request for an impartial court of arbitration on the question of War Guilt, and that this document ought to be despatched while we were still on English soil. But as a result of our exhaustion after all the strain we did not succeed in composing a final draft on that same day, nor indeed could we have handed it to MacDonald, as he had gone off to Scotland: we composed it on the Sunday while we were on our way home, and in drafting the document I set out from the idea of a court of arbitration that had been so prominent a feature in our discussion. We decided that the letter should be conveyed to MacDonald through the German Embassy in London. But it was agreed that no public mention of it should be made until we had received an answer from his side.

THE DECISION IN PARIS

At the night sitting of the French Chamber of August 25th a vote of confidence in Herriot was passed by 336 against 204 votes.

In the Senate, on August 27th, Herriot received a vote of confidence by 204 against 40 votes, with about 50 abstentions. The debate developed into a discussion between Herriot and Poincaré. In an elaborate, comprehensive, and documented address Poincaré

severely criticized the treaty work in London. He disapproved the London undertakings regarding evacuation all the more as he wanted to use the evacuation question to secure from the Allies, *i.e.* from Germany, an 800-million loan, the negotiation of German bonds, the reduction of inter-Allied debts, and commercial treaty concessions. He also strongly disapproved the promise to evacuate the "bottle-neck" and the other territories occupied in excess of the Treaty, as to which he maintained that they had been occupied on the basis of international law, as the safety of the army of occupation was threatened, and there was no obligation on France to give them back. He asserted that the periods for the evacuation of the Rhineland had not begun to run, as the war criminals had not been given up. France only needed to state expressly that in the event of the evacuation of the Cologne Zone by England, it would at once be occupied by French troops, to be certain that MacDonald would stay in Cologne.

THE DECISION IN BERLIN

At the meeting of the Reichstag on August 25th the representatives of the Parties made known their views. Hergt spoke for the German Nationals.

On the 26th and 27th there were individual debates on the legislation involved by the report.

On August 27th the following *communiqué* was issued:

"This morning the Chancellor submitted to the President of the Reich a report on the political situation, as the result of which there was complete agreement between the Chancellor and the President. The President stated that he approved the signature of the London agreements on August 30th, and he concurred with the Chancellor that the signature involved the country in an obligation to use every possible parliamentary and constitutional means to secure the passage of the necessary legislation. In this regard, the President expressed to the Chancellor his determination to dissolve the Reichstag if the legislation did not obtain the necessary majority."

At the second reading of the Dawes Laws, which followed on August 27th, they were all adopted by a simple majority. The most important measure regarding the railways, for which a two-thirds majority was needed, did not obtain it by 34 votes.

The German National Party, whose ultimate attitude to the Dawes Laws could not be gathered at first from the speeches of the representatives of the Party, on August 27th held a meeting of the chairmen of the local electoral organizations. From what subsequently became known of these discussions, out of 42 representatives only three spoke for the acceptance of the Dawes Report. The German National Parliamentary Group brought forward a

proposal that only approved the legislation involved by the London Conference under certain conditions.

On August 29th the vote was taken on the Dawes Laws. Until the last moment the vote on the railway law, which needed a two-thirds majority, was in doubt. Stresemann subsequently reported that the former member of the German People's Party, Dr Vögler, one of the leaders of German heavy industry, said to him shortly before the vote was taken: "We are all agreed, Herr Stresemann, that the Dawes Laws must be accepted and the London agreement signed. But you don't yourself really believe that the French will ever go out of the Ruhr?"

Stresemann: "We will talk of this again a year hence, Herr Vögler."

As a result of the voting, the Dawes Laws were passed by a simple majority, and the railway law by the necessary two-thirds majority. 42 members of the German National Group voted for the railway law. When the number of votes in favour was made known, there was a deafening outcry of the National Socialists and the Communists against the German Nationals, who had been "whipped" to vote. "It's a disgrace to Germany", shouted Ludendorff to Admiral Brüninghaus, a member of the People's Party. "Ten years ago I won Tannenberg, you've made a Jewish Tannenberg here to-day."

MARX ON WAR GUILT

When the laws regarding the London agreements had been passed, the Chancellor issued a statement on behalf of the German Government, dated August 29th:

"The Reichstag, by the decisions taken to-day, has set its seal to the agreements reached in London. These are measures that will be of supreme importance for the destiny of the German people for years ahead. The Government of the Reich desire to express their thanks to all members of the Reichstag who have contributed to this result. All who participated had to overcome serious misgivings, and even to set aside their personal convictions, in order that the London agreements might be accepted. Difficult as the decision may have been in each individual case, it had to be taken if our Fatherland was to find the way to a better future.

"But the Government of the Reich cannot and will not allow this moment, in which they are undertaking heavy obligations in fulfilment of the Treaty of Versailles, to pass by without giving clear and unmistakable expression to their standpoint regarding the question of War Guilt which, since 1919, has weighed so heavily on the soul of the German people.

"The statement imposed upon us by the pressure of overwhelming force in the Treaty of Versailles, that Germany started the World

War by her own act of aggression, is contrary to the facts of history. The Government of the Reich hereby states that it does not recognize this assertion. It is a just claim on the part of the German people to be freed from the burden of this false accusation. So long as this is not done, and so long as a member of the community of nations is stamped as a criminal against humanity, a true understanding and reconciliation between the nations cannot be achieved.

"The Government of the Reich will take occasion to bring this statement to the knowledge of foreign Governments."

SIGNATURE

On August 30th, at 12 o'clock in the Foreign Office in London, the London agreements were signed by the Ambassadors and Ministers of the Allied Powers, as well as by the German Ambassador, Dr Sthamer.

PART IV
IDEALS



F. M. Linstroth

HERR STRESEMANN
From the drawing by F. M. Linstroth

INTRODUCTION

IN order to make the line of Stresemann's policy in its many and various ramifications as clear as possible, the editors had to deny themselves the use of many records that showed Stresemann the man. It was perhaps the one disappointment in the preparation of this work, that much that was valuable had to give way to something that was yet more precious.

Stresemann always remained the "Traumjörg", as his much loved mother, who died young, had been accustomed to call him. He is in absolute contrast to the fighter Stresemann, always dealing or parrying a blow. "Traumjörg, the History of a Youth" was the title of a fragment of an autobiographical novel, the manuscript of which can unfortunately no longer be found. Not because we believed that a second Gottfried Keller had perished with this little book, but because we love the silent dreamer just as we honour the statesman, every glance into the closed chamber of his soul must be doubly precious to us.

The dreams of his boyhood changed during his student years into romanticism. Stresemann had to sacrifice the desire of his school-days, to study history and German literature, in favour of the more pressing need for pursuing a practical calling, but "the glorious romantic poetry of our German student life", which "we ought to regard as sacred", he enjoyed in all its variety. From those glorious days he retained, like so many statesmen, the boisterous humour of the student, which seldom showed itself in his writings or public speeches, a humour that, however, was innocent of all ambiguity, and changed into icy coldness at any sign of coarseness. It is the old student humour that causes him to write: "I have never yet expressed the wish to get up at 5 o'clock. I therefore find your question incomprehensible." Again: "I wish you would not use that dreadful word 'speech'; say 'address' or something else. The word speech always reminds me of a smoking concert where the proceedings mostly consist of cheers." Another passage may be quoted from a letter to a woman member of the Party: "If you were so kind as to ask me on the telephone whether I wanted to be alone during my stay, I should ask you not to take it amiss if I answered your frank

question with an equally frank, Yes. What I am looking for in the sanatorium is not so much specialist treatment, but entirely new surroundings and an absence from the daily impressions among which I usually live. You are, by temperament, so lively a nature that if we met every day we should follow the political situation even more intensely than ever and perhaps succeed in turning the sanatorium into a new headquarters of the German People's Party. That is clearly to the great advantage of the Party, but not conducive to spiritual peace. I am looking for boredom, and how can I find boredom in your company?" And the old melancholy of the song, "O jerum, jerum, jerum", rings in the concluding lines of a letter that otherwise deals very seriously with the succession to the Presidency: "I am particularly troubled to learn that the lovely old hall, which I admired at my very first stay at Aurich with Bassermann, is now to go the way of all such places as are available and has been turned into the branch of a bank. I can't think of Aurich without that room in the Piqueurhof, where I always used to stay, and this is a sore set-back to my purpose of visiting Aurich, not on Party business but as a man, as I have always longed to do. And I am especially sorry that there should be a danger that the Piqueurhof itself may go. This would mean the loss of a real landmark in Aurich."

This sorrowful letter over the loss of a students' beer-hall may occasion a disapproving shrug of the shoulders among the fanatics of the day; it shows as clearly as could be how strongly Stresemann clung to the good tradition with that simple piety that was once a German inheritance, and is now more and more giving way to a not always very expedient idea of what is expedient.

Stresemann held obstinately to the ancient ideals of his youth. Here he found the springs that fed his life, for the man of action, who belongs to the day and to the hour, knows well enough that all tradition is an empty husk unless it is transmuted into life. This unchangeable and unshakable fidelity to the ideal did not grow up in Stresemann from any sense of devotion to morality. It was penetrated through and through with a sense of the Romantic, and indeed his loyalties were almost feudal. They were not very many, but they were very potent complexes of ideas that attracted Stresemann; he loved to repeat almost to monotony the words and phrases of our poets and statesmen, unlike Bülow, who was always ready with a fresh quotation.

The human genius of Goethe and the statesmanlike genius of Napoleon were worlds that he was never tired of exploring. He was deeply versed in the history of National Liberalism, and all the singers of the War of Liberation, the League of Youth, and the Paulskirche, down to the present day. Stein, Hardenberg, Kinkel, Herwegh, Schurz, and Bennigsen were his particular favourites, beside whom Bismarck, profoundly as Stresemann revered the Prince, seemed only an executor of their political testaments. But it was not only to the great dead that Stresemann owned an unbreakable loyalty. He was equally attached to the living to whom he owed gratitude. Fellow combatants of many years received the warmest letters of farewell, just as the honoured friend Kahl was sent his large box of cigarettes every Christmas.

There was the man fallen on evil days whom, with the help of the Finance Minister, Stresemann wanted to help to recover at least a fragment of his fortune. There were authors and actors, like the great actor, Arthur Vollmer, not yet forgotten, reduced to complete indigence by the inflation, whom Stresemann never knew personally. Ludwig Fulda had a property in Oberesch from which he had been expropriated: it was recovered for him. There were all sorts and kinds of people among those who implored help, beggars, semi- and total lunatics, and the publication of a section of this incredible correspondence would present a picture of astounding absurdity. The victim found it difficult to protect himself from this onslaught, but where there seemed even the slightest possibility of giving assistance, Stresemann set about doing so with the same energy as if the welfare of the Reich had been at stake.

It was certainly this inexhaustible will to provide aid and comfort that moved Stresemann to labour within a larger association. In Stresemann's nature there was a tendency towards moral intensity, that characteristically German moral intensity, hitherto so little understood. In Stresemann the need for emotional relief was innate, whether he, who was so little hampered by dogmas, chose to go to church, or whether he allowed Gickelhahn—who was to find his rest too soon—to guide his gaze over the peaks and summits. It was the inner silent ardour and spiritual force that needed serious preparation for him to be able to shake off the routine of every day and arouse his deepest self. He needed something to release and heighten his emotions, eager and active participation in the sense of Goethe's "divine", and he knew

nowhere he could find it better than in the temple of the Lodge. Stresemann's purpose in joining the Lodge had been explained on political grounds; he could do nothing without having to suffer the imputation of selfish or unworthy motives. Even in London his visits to church caused a great deal of absurd bewilderment. The work of Freemasonry was to him the labour of his heart. And if the din of the political tumult of the day found its way into those sacred chambers, it was not that he claimed any personal immunity in those solemn hours, but that he regarded it as a sacrilege against the place and the brethren there assembled. This longing for peace is always breaking through; but it was not a flight into inactivity—he needed the creative pause to come to a reckoning with himself.

By a piece of good luck a fragment of autobiography has been preserved to us. This characteristic document is one of the very few in which Stresemann—once again, as so often, before a turning-point in his life—speaks out freely as he used to do in his own intimate circle. In this melancholy idyll, which amounts to a self-revelation, we hear his gentler voice.

BASSERMANN

ON July 26th, the date of Bassermann's death, Stresemann wrote the following memorial article in *Deutsche Stimmen*:

A few days before the fateful 4th of August 1914, Bassermann, on July 16th, entered upon the sixtieth year of his age, so that to-day he would have looked back on seventy years of life. The celebrations of his sixtieth birthday were then broken into by the reverberations of the World War. Strange thoughts must have come into his mind on that sixtieth birthday when, in the circle of his relations and friends at that climax in his life, he also reflected that only a brief period perhaps prevented him too from being called up for service. The group of those who began that day with him in the Schloss Hotel in Heidelberg grew larger. The hearts of all were mightily moved by the imminent and fateful decision. The crowds in the streets heard that Bassermann was staying in the city; they streamed along to the Schloss Hotel and cheered him to the accompaniment of old German songs. Bassermann once spoke to me of a climax in his political life. By that he characteristically meant the declaration of loyalty by the Unions of workmen and employees upon the occasion of his nomination for the Saarbrücken constituency. This was the tribute of the people to a man who had the courage to defy the prospect of prison and always preserved a social conscience. The second climax in his life may well have been that evening when the jubilant cheers of the people echoed in his ears as the crowd applauded the true patriot whom all felt to be the symbol of German loyalty to the Fatherland.

Bassermann was then drawn into the War, and the heavy strain on his constitution involved by the campaign in Russia contributed to shatter his health. Many younger men took no part in the War, but he would have been unhappy if he had not been able to join in it, even on the threshold of his sixtieth year. The field-grey garb, the helmet and iron cross were as much a part of him as the gay cap and scarf of the Corps student in old days. He was a typical example of that middle class, of that intellectual and economic 'gentry' so sadly destroyed by the inflation, which in South Germany indeed never stiffened into conservatism, but,

gay as students, proud as citizens, and loyal as soldiers, served the Fatherland.

On his return from the Russian front, Bassermann entered the administration in Belgium, but, on the urgent advice of his friends, went back to the political life of his country. To the outer world he never spoke otherwise than of the victory of Germany. But he was gnawed by inward doubts. "Believe me, the Crown and the Reich are at stake", how often have I heard him say this. He was an opponent of Bethmann, in whom, like Bülow, he could see only the Head Boy of the Sixth Form. And he had a strong distrust of the despotic power of the Emperor. The two motions brought forward in the House regarding the personal régime were sponsored by Bassermann as leader of the National Liberal Party. In his inmost self he was a monarchist, and because he was so, he was not an admirer but a critic of the Imperial régime. "The National Liberal Party will always stand where the banner of the German Empire waves", he said once at a meeting of the Central Committee. But it was the idea of monarchy that was sacred to him and not the embodiment of the idea. He had seen and heard too much of all that is now becoming fragmentarily known from memoirs of the Imperial era to be able to place much confidence in the Imperial leadership. It caused Bassermann acute pain that the Kaiser despised Parliament, would only allow courtiers in his entourage, and for Germans who had fought all their lives long for the Reich, in so far as they were National Liberals, had only a shrug of the shoulder; and the contempt so obviously displayed during the Kiel week, left, with those that suffered it, bitter memories that will never fade.¹ When Bassermann, on the occasion of his Bulgarian journey with the Tsar Ferdinand, had a long and detailed discussion with him on the world situation, he came back from the interview quite overcome. "The King of Bulgaria is under the impression that he must discuss the world situation and the position of Germany with leading German politicians, in order to receive proposals and suggestions. The German Emperor has never in his life asked me for my opinion." His pessimism unfortunately proved justified; the Reich survived, but the Crowns fell. They fell because it was not understood how

¹ William II had carefully avoided shaking hands with the two National Liberal Deputies, Stresemann and Bassermann, though they had been invited on board the Imperial yacht.

to weld the great national enthusiasm of August 1st, 1914, into a great national unity, because they allowed reforms to be thrust upon them, because they made difficulties about universal suffrage instead of saying to themselves: If we win, universal suffrage will be no danger to us; if we are defeated, it matters little what form of suffrage we have, since there will be many other and more radical changes.

The last months of his life were overshadowed by anxiety. Bethmann went, but after him came Michaelis. He had seen the sacrifices of the fighting men, but also their vain struggle against the ever-increasing enemy hordes. The thought of victory and of the greatness of Germany was the ultimate hope of his soul; but doubt devoured it, and in all the mourning at his death there was present the question whether it was not better for him to take his departure while Germany was still proud and great rather than to endure with us what followed.

Bassermann had undertaken a heavy task as leader of the Party. After the foundation of the Reich the nation still stood under the impress of that great time, and of the struggle for national and liberal ideas. In those days there were still conflicts for ideals—for the Reich, for the constitution, and for spiritual freedom. And the Party collapsed when the purely political struggles were succeeded by the barren struggles of opposing interests. The Social Democrats gradually became the strongest Party. More and more the Conservative and the Free Conservative Parties tended to become mere instruments of the economic ideas of the Agriculturists' Union. Then came the combination of nearly all Catholics into the Centre Party as an effect of the denominational conflicts. Probably it was more difficult at that time of war of all against all to maintain the Party as a Liberal Central Party with 55 mandates, than to lead it in the former days of its greatness, undisturbed by all these phenomena. Great national ideas seldom knocked at the hearts of German electors. The Party had need of a man who stood above these warring interests, who could teach it that the main issue of German politics was not a struggle over cigarette taxes or customs dues, but the maintenance of the broad lines of German foreign and home policy.

Bennigsen had himself designated Bassermann as his successor. Torn as the Party had been, Bassermann, when he spoke at the annual assembly, always understood how to unite the German National

and Liberal middle class firmly behind him. In this, the national idea invariably came first in his mind. During his life every leader of the National Liberal Party had hitherto been attacked as a vacillating political character. When Bassermann went with the Conservatives in the struggle over the increase in the Army estimates, the Left decried him as a reactionary, and thought he had adopted the ideas of the old Cartel. When he spoke in favour of a social reform, the gentlemen of the Right indicated that he was clearly enough a "South German Democrat", and expressed their contempt accordingly. But both these proceedings on his part were in due accord with National Liberal principles. It is the task of National Liberalism to preserve the national interests of the German Reich, and to take allies for that purpose wherever they may be found. It is also the task of National Liberalism to take care the fundamental Liberal idea shall maintain its significance in Germany, and to fight for it in the company of those who share these ideals. These allies may sometimes be found on the Right and sometimes on the Left, but the Party itself has not altered. The line of Bassermann's policy was perfectly direct. We must never forget how he fought for the last Army Bill. It was not his fault that petty quarrels, fear of the Reichstag, anxieties over the next elections, defeated the efforts that would have given us two more Army Corps and therewith the victory on the Marne. From that time of conflict over the last Army estimates there stands out unforgettably in my mind an hour about midnight, when Bassermann expounded his anxieties regarding the position of the German Army. He was convinced that our preparations in the matter of artillery were more especially deficient, that the French guns were superior to our own, and that we had not formed sufficient reserves, so that we should by no means enter the next war with an absolute prospect of victory. His heart, that was constantly troubling him, was at that time particularly weak; but none the less he went about the country Sunday after Sunday, and spoke in town and village of our urgent need for a strong army. If the War Minister had not been so feeble in his resistance to the anti-taxation pedants, we should never have fallen into that weak compromise that was in fact arranged.

Bassermann lived and had his being in Greater Germany and its interests; he was devoted to the German colonies, and in conjunction with his duties as Party leader he wanted to specialize in foreign politics. That would to-day seem a matter of course, but at

that time such an ambition was met with hostility and contempt. The *Hamburger Nachrichten* asked by what right a member of the Reichstag, who was hardly in a position to follow the course of foreign politics, should presume to interrogate responsible persons on questions of foreign policy, and to criticize them. Anyone familiar with the correspondence between Bülow and Bassermann, which may be found in Spickernagel's book on Prince Bülow, will there see that those who decried him and believed he took his speeches on foreign politics from newspaper articles were doing him an injustice in not realizing how deeply versed he was in foreign politics. At home, his ideal was a constitutional monarchy, and a further development of Bülow's block policy into a parliamentary system founded upon tradition. His ideas on all these matters were entirely Liberal; he was a great supporter of a well-conducted parliamentarianism; he lived and had his being in the Reichstag, where he loved to take part in any debate on matters of procedure, and felt most strongly the responsibility of not doing anything that might even in the slightest degree contravene the principles of Parliament. It is now spoken of as a matter of course that the strongest Party in the Reichstag shall appoint the President; in his day Bassermann urged that, owing to the great increase in strength of the Social Democratic Party, Herr Scheidemann should be elected Vice-President of the Reichstag—not without the strongest opposition. The political pedants cried out, as they have often cried out, when anyone dared to recognize a political truth or a political fact in politics, before the honourable majority had expressed its adherence to the view.

In the Reichstag he felt at home. He was in constant consultation with all the leaders of the Parties, from Left to Right, from Heydebrand to Bebel. He even drew the morose old Eugen Richter under his spell, when he discussed the whole political situation with him in detail, and tried to convert him to his own views regarding the fleet and the colonies, with the purely negative result of extracting the final reply: "It may be that you are right, but I am too old to change my opinions".

His struggle against the proposed Penal Acts¹ has not been forgotten in many quarters. What Bassermann had to go through during the time that he was Chairman of the Party would have completely stricken down many others. It seems to be the fate of

¹ A Bill brought before the Reichstag in June 1899, imposing certain penalties in connection with strikes. It was rejected.

the leaders of the National Liberal Party that they suffer less under their struggles against other Parties than under the spiritual disturbance that results from attacks from the ranks of his own Party. He had not forgotten the day when, at the Central Committee, the forty-eight white tickets in their carefully prepared blue envelopes were handed in against his election, and it was indeed an inner satisfaction to him when these same elements once again found their way back to him during the War. On one occasion the order went forth for a general onslaught upon him; he was attacked in the Press, which did its utmost to bring down the detested leader of the Left. This was upon the occasion of the general assembly of the Party at Kassel. The statements in the Press might lead one to suppose that Bassermann had no longer any supporters whatever. A leading organ of the Centre then wrote: "Never had a recognized leader been so entirely left in the lurch by his Party as Bassermann". When he appeared on the tribunal on the fatal day, and when the delegates, to the number of more than a thousand, saw him before them as they had always seen him, their champion in joy and distress, in difficulty and in danger, the excitement crushed in quite primitive fashion all the attempts of individuals to destroy the general confidence in their leader. Anyone who was present on that occasion at Kassel, the intense emotion of which still quivers in the newspaper reports of those days, will never forget it. It was once more made clear that the sense of the simplest adherents to the Party was instinctively much better able to recognize the true structure of the Party than was possible for more complicated natures. The assembly at Kassel also, and more especially, brought him the conviction that he was still the leader of the Party even when opposition arose against him in certain narrow circles. None the less, he was not spared, in days to come, many bitter disillusionments, and to many that he had drawn within his influence the lines could truly be applied:

I never taught a man to draw the bow
That did not end by aiming at myself.

For all the pain of these experiences he was compensated by his family life in the company of a wife to whom he was devoted and his highly gifted daughters. A compensation too were the hours of high excitement when at some Party celebration he carried his friends with him in soaring flights of thought; the hours when in

the company of his intimate friends he put aside the cares of every day with humorous irony; and his wanderings through the German countryside when he contemplated the beloved German land, lived in the history of Germany, visited castles and churches, and spent peaceful days in little country towns. He always felt himself to be a man of the Palatinate, the great Palatinate that once comprised Mannheim and Heidelberg, and it seemed as though the sun of the Palatinate glowed in his heart. How he enjoyed the wine that this sun brought forth, and took pleasure in all the good moments that life brought him!

If he were still alive to-day, how many great figures would move across his spiritual vision, for he could look back upon a life of seven decades; upon a happy and prosperous Germany, proud and respected among the nations; and upon impotence without and chaos within. None the less, I believe he would be counted among the optimists. He would be too penetrated by the fame and position of the German nation to be in despair as to its future. Men who take a short view and want to know everything, would perhaps ask whether he would to-day stand on the Left or the Right. That is always the question that troubles the pedant. Ernst Bassermann would stand where he thought right in the interests of his country; in the line of loyal fulfilment of duty, which holds out no precarious promises to the nation that cannot be subsequently kept, but by honourable and faithful labour prepares the way for a German future.

Anyone who knows the hostility to which he was exposed when he refused to disown the first attempt, which took place in Baden, to co-operate with the Social Democrats in old Imperial Germany, anyone who considers his attitude on the social question, and who, on the other side, was familiar with the warmth of his feeling for his country, will be able to realize the profound connection between this "policy of the Left" and a truly national attitude. It was constantly before his mind that the German people must be united in their great moments, and that it should be his duty to bridge over antagonisms, and to see small difficulties for what they really were, as against the great idea of a united popular will in the struggle for the maintenance of the Reich.

How few still know the man of whom I write. How bleak our Party life really is and how little is our power of political creation. If our young men's Groups in the German People's Party are to

serve any purpose, they must learn the history of the Party and read the biography of our leaders. From the Pine-tree Inn at Jena there is a straight line of development through the Paulskirche at Frankfurt to Bennigsen's national assembly and the 18th of January 1871 at Versailles. German Liberalism played a great part in this period of German history. The present has got out of the habit of thinking of the past, though it can only construct for the future when it knows on what foundation the house stands.

The Fatherland should never forget Ernst Bassermann; the Party must not forget him—a man whose memory his friends will always treasure as that of a German patriot, a distinguished Party leader, and a beloved friend.

THE NATION OF LOST OPPORTUNITIES

From a speech by Stresemann at a meeting of the German People's Party in October 1924:

We very often meet with the expression of the view in Germany that trade and commerce alone can initiate the reconstruction and recovery of our Fatherland. I may remind you that a man who was certainly a highly significant personality, the late Dr Walter Rathenau, once observed: "Industry is our destiny". At the time the phrase was first uttered I vigorously protested against its intention. Industry has never yet been the destiny of a people. The destiny of a people has always been determined by policy in the broadest sense of the word. It has been determined by the attitude of the people to great ideas and ideals, and it depends on the spiritual structure of a people whether it will find the way to recovery or not. That it must take care to secure the foundations of material development goes, of course, without saying. One thing, however, may be said: industry alone is not our destiny. But hardly ever have the great questions of world politics been so involved with questions of world industry as at present. Hence, perhaps, the preponderance of the material side of life that confronts us to-day.

The individual must ask himself what was the policy that statesmen had adopted to bring back order to a shaken world after the peace of Versailles and all that the World War has brought with it. You read of world industrial conferences; you read of the problems of a currency question, which is, in fact, an industrial question, and which has confronted all nations with totally new situations; you

read of the Reparations question as of one on which the settlement of all these matters depends. And there is another point. We are in a high degree a people of organized masses. That may have its advantages, but it also involves a very great deal of danger.

As regards the deterioration of our parliamentary system, this has certainly not set in since the foundation of the new Germany; it has been going on for a great many years, and anyone who is aware of that will realize that this deterioration began when the great questions of humanity and of the nation were no longer subjects for discussion in Parliament, when politics lost their philosophic side; and if it can be said that Rudolf von Bennigsen failed in the last years of his leadership of the national Liberal Party, he failed because he was a man who looked on politics from a philosophic point of view, and because he could not transfer himself into an age in which politics were degenerating into these material conflicts. Many people—and herein lies the deterioration of which I speak—will no longer ask what ideals a Party has; the subject of enquiry is the representation of interests. What arouses such misgiving is the crude implication: If you do not stand out for the demands of my professional organization I can no longer belong to your Party. I believe it is absolutely necessary to resist this whole attitude and to lay stress on the fact that in the last resort policy means an effort after ideals. The courage to bear unpopularity is also essential, in resistance to the preponderance of the material, and the courage to take long views without which the Party cannot continue to exist.

I regret that the questions of social policy should be regarded as questions that, on the one side, concern the employers, and on the other side, the employees. No, the question as to what amount of labour can be demanded, what claims can, should, or must be laid upon the individual, is not a question merely concerning the Parties interested, but one that involves the welfare of the State and the moral attitude of individuals towards the problem. Herein lay the greatness of the old Germany, that regarded itself as an intermediary and conceived its duty to be in the first place to consider the interests of the State. That, too, must be our task for the new Germany.

Let me now deal with the special sphere of work with which you are concerned. We see a serious weakening of the cultural element in our whole public opinion, at least I should certainly say that was the case in the years immediately following the collapse. What

makes this collapse such a crisis in German history is not our defeat on the field. Here, I think, the moral victory was not always on the side of those who ultimately brought the War to an end by crushing their enemies with superior force. What we cannot get over is the moral collapse of the people after the defeat. A defeat can be turned into a victory if one can summon up the pride to bear it as it must be borne. Instead of which we witnessed a moral collapse in a time that should have been one of national mourning, which perhaps did us far more damage than our defeat. Then came all that the last few years have brought with them, matters that were understandable from the course that events had taken, and were only to be excused if they were looked upon as the phenomena of fever after a serious illness. The development of the last few years has so strained the principles of moral experience in the individual that it is not to be wondered at that much has been shaken. By this I mean the sort of matters that you have been considering already, the destruction of those lives that gave their best to the State, and what made the burden much harder—a common distress can be borne if all are bearing it—the rise into influence of those for whom the words gentry and aristocracy really cannot be used, people whose rise was mainly founded on the fact that they had a more accommodating conscience than those who, while the fight of the Fatherland was being fought out, had thought first of the Reich and then of themselves. Avenging Nemesis has, indeed, now swept away many of these extreme elements. In the face of such elements as these, the moral point of view had on more than one occasion to admit defeat, but I have the feeling that, when the first few years of this barbarism have passed over, quite a different attitude will prevail among the nation.

I should like to bring forward an example from history. Is it not a phenomenon that we have often experienced in Germany, that the deepest springs of idealism really only begin to flow when we are in misfortune? After victories there have often been periods of moral crassness that might well have seemed alarming; and then, in a time of acute distress, we have seen the purest springs of German national consciousness pour forth as they never did before. Such a negative period followed the War of Liberation. All that lived in and by idealism was suppressed by the bureaucrats—the Students' Movement, for instance. We are, God knows, the people of lost opportunities. We should have long since overcome the

childish maladies of Parliament, even centuries ago, if the people had not been kept back from the real participation in the business of the State, that Stein and the best elements in the nation claimed for them. Again we see the same period of spiritual hebetude after the victories of 1870-1871. We still suffer to-day under the phenomena of that time. The disfigurement of our ancient towns, the ruthless removal of what was old—this age without traditions, of huge apartment houses, of the unbridled expansion of capitalism, was the most disastrous for our future. Then, too, the note of inspiration departed from our literature, and the reign of commonplace began.

I believe that we have a great task in two directions. One of our troubles is that we perhaps look on the great problems of the age as merely material, and pay too little attention to the other side. But our second trouble is the question of the education of the youth of the present day. I belong to the generation which had to attend school on four afternoons in the week. But I would warn you not to go so far that the intellectual side suffers. I want both sport and learning. I want men who walk or row but who, when they come back in the evening, commune in their silent study with the great spirits of the present and the past.

I feel that we are also suffering from the fact that we believe that certain ideas have lost their significance for the present. To them belongs especially the idea of Liberalism. I am of opinion that the Liberal idea has a very great part to play at present, both in the cultural and religious spheres. Liberalism as an ecclesiastical movement should lean neither to left nor right; it should stand for toleration and free enquiry. The way must be free to the individual. He who can carry the nation behind him on the path of enquiry has the right to success. And if we do not remain the nation that strives and labours, we shall no longer remain the nation of moral progress. I should most deeply regret to see the evangelical church, which is founded upon the idea of freedom of conscience, excluding those who protest against subjection to a dogma. Never has a great spiritual movement in the world been led to victory if it has not made the freedom of enquiry the centre-point of its ideas.

I should like to see the younger generation introduced into the world of these ideals, and of these conflicts. With us so much, alas, depends on material elements. We ought long ago to have had a Library of Youth with which we could have won over the minds of

the younger generation; we should confront them with this idea. Besides, we have in the younger generation a very strong and profoundly national point of view, and we should indeed be glad that it is so uniformly national. If our Youth sometimes boils over, I do not take that greatly amiss. A man who has not been effervescent in his youth, both in ideas and perhaps in deeds as well, never made any great matter of his life. But the leaders of Youth are accountable for not encouraging a national policy that is a policy of illusion, and will harm the Fatherland. It is extraordinarily difficult to present foreign politics to immature minds. The dispassionate national policy that is ours presupposes a certain maturity of understanding.

All the more essential is it that, at a time of impotence, in which we are gradually trying, on the basis of compromise, to re-establish ourselves in a certain measure as a Great Power, that we should not be disturbed by movements which recall a phrase that Frederick the Great once used about Joseph II, "So overheated was his mind that he took the second step before the first was done". Here and now, to point the way to a sober but far-sighted idealism is one of the most important tasks that lies before us.

We need the idealism which realizes that this is the time when politics must be conducted with a cool and calm understanding. And when we have thereby laid the foundations for a better Germany, the gratitude that will be offered to this policy of idealism will perhaps be less demonstrative, but it will be more in consonance with the facts of what has been actually achieved.

THE BAR

During his stay in Norderney in September 1924 Stresemann wrote the following sketch, which contains many autobiographical touches:

The summer was drawing to a close. It was already autumn. The number of people on the island had diminished, and after the gay sociability of summer there were left, beside the natives, only a few who had stayed or arrived because they took more pleasure in the sea itself and the austerities of an autumn landscape than in the Philistine existence of a summer holiday. Among those who had just arrived was a politician, still young, in whose features lingered traces of a life at sea. In the days of Imperial

Germany he had sailed the seas in German warships; he had then become a Naval Attaché, and subsequently saved himself from the flood of revolution on a plank of politics. He had gladly accepted the Minister's invitation, although he was sorry to leave the neighbouring island, in which the energy of the dashing waves seemed to emulate the energy of the holiday-makers at their amusements.

He gave expression to his feelings as he walked with his host on the long dyke that had come into being here during the War, when the garrison, partly to fortify the island and partly to occupy their time, built this marvellous sea road.

"It is very lovely here," said the guest, "but I should have expected more from the island itself and the life on it. The name of Norderney suggests a great German bathing resort frequented by all the world. One thinks to find here a boisterous, leaping joy of life, but in the hearts of men and on the sea without, the flood is still. Yonder is Westerland, from which I come—quite another place; there the waters surge and sparkle from morn till midnight, and the hearts of men surge and sparkle with them. After all one can't be always lamenting the lost war, and just because all our hearts were so enclosed while it was going on, there must be some outlet now for the joy and the pleasure of life."

A picture of the two islands rose before the other man's inner vision. It was a long while since he had stood on that beach which his young friend described with such enthusiasm. He well remembered a glorious summer more than ten years ago, when, under the impression of a sunny and yet stormy day, he had seized his pen and tried to write down the impressions that had crowded in upon his mind. What he wrote was a song of praise to Westerland, and he had said then what he had just been hearing now. Then all the vexations of the inevitable Berlin life had come between him and this memory of earlier days, and all that he had heard of Westerland in later years and in the time after the War was only calculated to fill him with deep disgust. It was true that wind and storm seemed to move more freely and more unhindered there than here. There was hardly ever complete stagnation, but otherwise he did not grasp the point of the suggestion that represented the other island as set in the free and surging ocean, and this one as cribbed and confined.

In the course of their walk they had reached the western shore of the island, which, before the whole line of dunes was swept

away, formed the centre of its holiday life. Thence could be seen the small island of Juist, that looked almost near enough to touch, and took hours to reach in a sailing vessel. "What is that?" asked the friend. "C'est Juist", replied the other, amused with the play on words. The friend's keen eyes gazed across at the long low line of the island. At the same time he noticed other islands rising above the surface of the waters, whose relation with the sea was hard to tell, for they appeared at times of ebb, but the eye would have sought them in vain when the tide rose or when a stormy sea swept over them. But scarcely had the friend caught sight of them than he laughed aloud and said: "Now I understand. There is a huge bar that lies between the sea and the island, a sandbank that runs in between. The sea cannot reach us. You see, when it dashes forward to leap in swirling foam and spray upon the beach, this bar lies in the way, and the waves fall back, split into defeated eddies. Here there can be no storm, nor any freedom! True, it can be very lovely here from time to time. But after all the sea here is in bondage, and its achievements can never here be seen." .

Soon afterwards the two men parted. The friend, who stayed a few days longer, and tried to transplant his notion of a boisterous life of youth on to this "Philistine land", as he called it, went off to his accustomed pursuits. Once more the daily round claimed its rights.

Here, too, life went on like a piece of clockwork. The "holiday from the Ego", that excellent idea of a release from all that is meant by the work of everyday, was but a dream and not reality. A strange unrest turned the gaze of him who had stayed behind to the sandbank of which his friend had spoken. The words that then had had a purely material significance appeared to his mind in a double sense of which the breezy sailor certainly had no inkling. Was this not the symbol of a human fate? How stormy that youth had been! Not in the sense of great external experiences; the circle in which he moved was too narrow and confined for that. In those boyish years, his nickname had been Traumjörg, and Traumjörg he remained until late in his student days. How golden was the glow that lit the surging idealism of his schoolboyhood, whether inspired by an idea or a youthful love. How high was his conception of Liberalism, how passionate his devotion to the Democracy of '48, which strove for the unity of Germany, and which he then saw through the medium of the surging poetry of

such men as Freiligrath, Prutz, Anastasius Grün, and others. Suddenly those schoolboy days stood once more before him—he remembered reading “Wallenstein” until far into the night; how deeply moved he had been by Wallenstein’s imploring appeal to Max Piccolomini, and the defiant harangue of the lonely commander who cries to his enemy that it is the spirit which builds up the body. It was all very crude and schoolboyish, but he recalled how a famous critic had written of George Busse’s early poems, that they were indeed schoolboyish, but went on to observe: “All honour to the Sixth Form!” This time of youthful development was the purest of all, devoted wholly to the idea and to imagined ideals. He recalled himself at last, with all his weaknesses and all his virtues, his very self, and the picture filled him with joy.

And to-day? What would the Traumjörg of those days have said had he seen him to-day upon the high places of life, as he no doubt appeared to others. Certainly the imagination of the idealist would never have carried him as far. What men conceive as greatness, power, and influence, and a great name—these he had won. And yet why did it strike at his heart when, in the few hours that he could call his own, he picked up some old volume of poetry, and even more so when he came upon a penny anthology of verse edited by Ludwig Jacobowski—an attempt to vanquish the novelette by good poetry. He remembered sometimes, on his way to school in the easterly districts of the great city, with shy delight thrusting the book into the hands of people going to their work, and thinking how it might make an impression on one or other of them. His own album of the poets was, too, a stranger anthology. A sentimental-looking volume, adorned with portraits of the poets and the usual allegories, an odd medley of bad and good, all mirroring his own impressions. The lines of Schönaich-Carolath about the strong personality severed from the surroundings to which he inwardly belonged, came into his mind:

Nun hast auch du gelassen
Von Kampf und edlem Streit!
Du fandest gold’ne Gassen
Der Weltzufriedenheit.
Mich mahnt dein Herz, das helle
Einst schlug für fremdes Weh,
An eine reine Welle,
Der müde war der See,

Die sich im überborden
Einst aus dem Meer gewiegt,
Und nun zum Teich geworden
Tiefblau im Walde liegt.

No, the simile did not fit his fortune. He had not retired from the fight. But the fight had assumed other forms,—passed into another sphere, where the sparks of idealism did indeed still flash forth, but where, in the last resort, compromise, understanding, experience, and the defaults of life, with all that went with them, so often quenched those sparks. But what he felt as he looked back upon his youth was this: he was no longer, in all things, himself. He had been greatly struck when, in Hauptmann's *Sunken Bell*, he had first met with the words: "At home and a stranger above as below". The field of his vision had grown too large for him now to find happiness in what was little and narrow and limited; he was too repelled by the mask and hypocrisy of greatness to find happiness and satisfaction there. His inmost self had received its first shock when the beloved of his youth refused him, in favour of the ease and security with which a position of petty officialdom seemed to her parents and herself to guarantee. He had never really recovered from the blow; since that time he had taken a certain perverse pleasure in the hard realism of life, but, as he himself well knew, he had therewith lost a fragment of his inmost self. The force of compromise had then stirred his consciousness. His face often became no more than a mask, adapted to his environment. Some called him characterless; others, with more insight, saw in it a measure of contempt for humanity that had been observable in him since he was compelled to realize that, in the great world, the interests of the individual absorbed, or prevailed over, the ideas under cover of which they were brought forward.

How he longed to proclaim all this; how often he had yearned to live, and dreamed of living, in some far solitude, to read and write and dream in some turret room, instead of standing at the focus of the crowd.

Why not begin to-day?—on this evening of such a sunset as only the fusion of the two infinities of sea and of horizon could put before his eyes? But there stood a barrier between him and his dreams. What would become of all those threads that held him, of all the things with which his name was connected, all the claims

upon him from above and from below. Was that golden indifference ever possible in this life? Who was free to follow an idea unhindered?

• He knew that his dreams would remain dreams. His gaze rested on the bank of sand which calmed the stormy waves, and took care they should not come too far over the beach. It seemed to laugh at him in scorn.

• He had grasped the symbolism in the story told him by his friend.

PART V
NEW AIMS

INTRODUCTION

THE days of holiday at Norderney, where Stresemann had retired immediately after the Reichstag's vote on the Dawes Report, were interrupted in unwelcome fashion. The cure that he had planned for himself at Wildungen never took place. Difficulties in home politics, more especially regarding Germany's entry into the League of Nations, brought the responsible chief of the Foreign Ministry into the centre of attacks and conflicts. MacDonald, the British Prime Minister, at the plenary session of the League of Nations at Geneva in December, used the significant phrase regarding "the empty chair which Germany must occupy". The adherents of Stresemann's Foreign Policy who stood on the Left wing of the Foreign-Political Coalition, wanted to urge Stresemann to a quicker pace on the "way to world policy". Stresemann hesitated. He may well have reflected that in this very matter of the League of Nations he was anxious to avoid "taking the second step before the first was done". If the policy that had been chosen, on the basis of the equal position of Germany among the nations, was further to be logically carried through, the next milestone, the League of Nations, must be quickly reached, so that Germany might begin by inducing her opponents to accept the "indispensable reservations" upon which she had to insist before consenting to enter the League of Nations. Thus the storm in home affairs was quickly stilled, the conditions for Germany's entry into the League of Nations were formulated and constituted as a basis for international discussion.

The conflict over foreign policy was followed by an attempt to establish a firm parliamentary and political foundation for the important problems of policy that were now imminent. The Reichstag elections of May 1924 were succeeded, after the Reichstag then elected had fulfilled its task by the acceptance of the Dawes Report, by the dissolution of the Reichstag and fresh elections in December 1924. As the result of a brief and vehement campaign, the extremer elements, which had been very prominent in May, sank into diminishing importance. The attempts that had been made after the May elections to induce the German Nationals

to take a definite and active share in the work of the Government, were pursued on the basis of negotiations that had taken place before the vote on the Dawes Laws in the Reichstag. The Social Democrats, still internally weakened by their participation in the Government during the two Stresemann Cabinets, refused to co-operate, and such was the situation in home politics when the year 1924 came to an end. A Cabinet of the non-Socialist Parties was on the point of formation.

The progress in foreign affairs that resulted from the London Conference was succeeded at the end of 1924 by a sharp set-back that was calculated to poison the atmosphere again, and placed an insurmountable obstacle in the way of those who were leading Germany back to world policy, because it meant the shattering of a basis of confidence that had hardly yet been established. While the evacuation of the Ruhr had begun, and Stresemann had been able, in a Dortmund now free, to greet his Party friends and the population of the liberated area amid scenes of the wildest rejoicing, obstacle after obstacle was placed by the occupying Powers in the way of the evacuation of the first Rhineland Zone, which was due to take place in accordance with the Treaty on January 10th, 1925. The Military Control, and some demands made upon Germany in connection with disarmament which it was alleged had not been fulfilled, provided the pretext. But behind all this was a violent recrudescence of the struggle for the Rhine. Thus the German statesmen were not merely embarrassed by the acute difficulty of the non-evacuation of the Cologne Zone, they had to consider how the even greater difficulty that lay behind it—the greed of France for the German Rhineland—was to be encountered. The last days of 1924 brought the first deliberations and discussions of this greater problem; Stresemann's eyes were always directed beyond the difficulty of the Cologne Zone that lay immediately before him, upon the way that should lead back to world policy. The last decisive stage of the struggle for the Rhine begins at the turn of the year 1924-1925; and the direction was Locarno.

I

AFTER THE DAWES REPORT

LETTERS FROM A HOLIDAY

To Dr Sepp Straffner, Goisern (Osterreich):

Sept. 1st, 1924

In the foreign policy that I have now been conducting for longer than a year, I have had to contend not merely with the attacks of the opposition but with very serious difficulties in my own camp, and finally at the end of my Chancellorship, I was defeated not by my enemies but my own parliamentary Group. I am all the more glad that now, when the London agreement has been definitely accepted, not merely have I my Group unanimously behind me, but even in the widest circles among the German Nationals a feeling is growing up that this policy, which of course as being the policy of a defenceless people is not likely to lead to any obviously dazzling successes, may possibly be the foundation-stone for a better German future. Unfortunately I have often heard Austrian and German utterances from Czecho-Slovakia which could not be surpassed for imbecility in their judgment of the position of Germany, and clearly bore the German National stamp. I am the more glad to see in your letter not merely our ancient friendship, but the opinions which once brought us together, and will, if God permits, both in your country and in mine, prevail in the end.

To Dr von Campe, Berlin:

Sept. 8th, 1924

The question of the inclusion of German Nationals in the Government of the Reich seems to me far from a solution. We have promised them to use every effort to get them included. In so doing it was of course understood that those sections which had supported the Dawes Report should accordingly get their views accepted by the Party. But it seems to me scarcely possible to get the Centre and the Democrats to look at all favourably upon the idea of the inclusion of the German Nationals when time after time

some Election Committee of the German Nationals ranges itself on the side of the Noes, or even demands the ejection of the Ayes. I think that for this reason we must await the further party-political development of the German Nationals before matters can come to a head.

Hergt and Westarp are playing a completely double game. They themselves negotiated with us regarding the inclusion of the German Nationals at the time of the acceptance of the Dawes Report, and now they are accepting applause as having voted the rejection of the report. I shall discuss the position with Curtius after my return, and I shall then be very glad to have a talk with you at any time. For the time being I can only see the very strong resistance that is manifesting itself on the left wing of the Democrats and the left wing of the Centre, and on the other side a rather clumsy exploitation of the so-called "Moderate Block" idea, by certain German National newspapers, which is also not calculated to overcome the opposition in the Centre camp and among the Democrats.

May I take this opportunity of making one observation? I think it utterly wrong to use the expression "Moderate Block". I have been all my life opposed to such a Block, so called. We are not aiming at any such Block, since we have every intention of excluding the German Popular Party from such a Block; so that we do not propose to include all "Moderates". We must therefore try to find another expression that will make it clear that the combination with the Social Democrats in certain of the States, as for instance Saxony, remains undisturbed by any regrouping of Parties in the Reich, and which also leaves in no sort of doubt that we are here concerned with a new tactical parliamentary organization of forces, that does not in any way involve an alteration in the attitude of the German People's Party.

DISCUSSIONS ON THE WAR GUILT QUESTION AND THE LEAGUE OF NATIONS

On September 11th Stresemann left Norderney. His originally proposed trip through Bremen, Kassel, to Wildungen, where he wanted to get himself examined by his old friend Sanitätsrat Dr Born, and possibly to stay some time at Wildungen, was prevented by the violent state of public feeling regarding the War Guilt question and the League of Nations.

On September 1st Secretary of State von Maltzan wrote a letter

to Stresemann at Norderney in which he suggested that the issue of the agreed notification should be postponed, having regard to the meeting of the League of Nations that was to open on the same day, and the economic evacuation of the Ruhr. This suggestion of Maltzan is to be ascribed to private *démarches* on the part of the English, French, Italian, and Belgian representatives in Berlin.

On September 2nd Stresemann telegraphed to Maltzan:

Promised Opposition that statement in question would be issued simultaneously acceptance of law by Reichstag. If not yet issued, date now of no great importance. Too much time should not be allowed to elapse.

On September 2nd Maltzan reported to Stresemann a fresh conversation with the Belgian Minister, de la Faille, and the French Ambassador, de la Margerie. The latter—though he had no special instructions from Herriot—uttered a warning against an official promulgation of the German statement, as an answer would be thereby provoked which would be calculated to disturb the atmosphere of understanding. At the same time, he stated in the name of the French Premier, that after the acceptance of the Dawes Report, in the Ruhr province difficulties had been put in the way of the occupying authorities and troops. Such incidents, and public pronouncements against the troops as they withdrew, were not calculated to facilitate the Premier's honourable intention to evacuate.

D'Abernon, whom Maltzan took into his confidence, recommended private letters from the Chancellor to Herriot and MacDonald. In any case he was afraid of difficulties in Paris and Brussels.

On September 5th, the Italian Ambassador, Count Bosdari, went to the Foreign Ministry at Mussolini's instructions, and said that the Chancellor's pronouncement on the War Guilt question had created an unfavourable atmosphere among the Allies, and was likely to prevent any relief of the existing tension. He, Mussolini, must urgently warn the German Government against communicating the pronouncement on War Guilt to the foreign Governments in a Note. Such a step would inevitably force the Allied Governments to issue a sharp counter-protest.

Count Kessler reported from Geneva that MacDonald had said, in connection with the Chancellor's letter regarding the War Guilt Note, that the actual despatch of such a Note would mean the destruction of all that had been achieved to make Germany's situation more favourable. France and her vassal States were resolved to get the War Guilt clause again confirmed. The consequence would be an acute mistrust of Germany. The question of military control would again become embittered. The entire step

proposed by Germany would be a catastrophe for Germany and for the world.

The English Minister Henderson let it be known that the forthcoming Note on War Guilt would prevent him delivering a speech favourable to Germany as he had proposed to do on September 6th.

The French Ambassador in Berlin told the Secretary of State, Freiherr von Maltzan, once more on Herriot's instructions, that the German Note would have a very bad effect.

Fridtjof Nansen rang up Stresemann in Norderney from Geneva, and asked him to postpone the formal despatch of the Note "in the name of the future of Europe".

Stresemann got into touch with the Chancellor, who himself proposed that the Note should be postponed, and asked the Secretary of the Foreign Ministry to ascertain the views of the Ministers still in Berlin.

To the Chancellor, Marx, Sigmaringen:

Sept. 6th, 1924

As I observe from the Press, it is expected in Germany that the statement will be issued on Monday next. Having regard to this situation I am afraid that postponement would weaken position of Government after late successes in home affairs, and that Opposition Parties would accuse Government of insincerity. After MacDonald's statements, and the two letters that should relieve situation, I would not recommend any further postponement. Best wishes for complete recovery.

At noon on September 7th, after the views of the President of the Reich had been ascertained, both the Chancellor, Dr Marx, and also Stresemann, agreed that the issue of the Note should be postponed till September 20th.

On September 10th the President of the Reichsbank, Dr Schacht, in a conversation with the Secretary of State of the Foreign Ministry, said that he too must express the apprehension that the formal communication of the German protest on the subject of War Guilt would have an unfavourable effect on the German Loan.

Stresemann's speech at the Press Conference on September 12th:

I wanted to use the opportunity of my presence in Berlin to explain my views on the questions that have been discussed in the Press during the last few weeks since the acceptance of the London agreements. The first of these is the question of the statement issued by the Chancellor on Germany's attitude to the War Guilt question, and on the passage contained in this statement to the effect

that it was to be communicated to the Powers concerned. If I am to believe a certain section of the Press, this statement constituted an attempt by the Foreign Minister to "outwit" the Chancellor, the former having entered into secret negotiations with the German Nationals to get up an "intrigue" against the Chancellor. When I see things like this in the *Petit Parisien* I think nothing of it; but I should have expected that the chief organ of the Social Democratic Party had ways and means of discovering the true state of affairs, and would not reproduce such matters without comment and under a heavily printed headline—"An Intrigue against the Chancellor". When, moreover, the *Frankfurter Zeitung* writes in the same sort of fashion to the effect that it should be made clear at whose instructions the Foreign Minister did in fact carry on these negotiations, I would propose now to go into the matter in detail and explain, furthermore, how the Government came to take this action, which did not originate in those days when these decisions were taken in the Reichstag.

In the first place, as regards the question of War Guilt—if I may begin with this—this question was first formally discussed in the Reichsrat, before an invitation to London had been received. The representatives of the various German constituent States enquired of the German Government as to what their view was regarding the possibility of discussing the War Guilt question during the London negotiations. At that time the Government of the Reich—no objection being raised in any quarter, not even in the States with Social Democratic Premiers, nor in the Reichsrat—stated that they would take the opportunity of the London negotiations to issue a statement on the War Guilt question. The form and method to be adopted was left to the Cabinet and more especially to the Foreign Minister. Then the question arose whether the matter should be raised before entering into the negotiations, when the invitation to London was received, or, as I thought better, and as was in fact done, whether it was not more suitable that at the moment when Germany voluntarily accepted a far-reaching limitation of her sovereignty, and the imposition of heavy burdens, she should declare that she did so because the War had been lost and not because she felt morally guilty of the origin of the War. This attitude was, I must insist once again, generally approved by the Reichsrat.

When the invitation to London had been received, the question then arose when we had reached London, whether and upon what

occasion the German Government, represented by the London delegation, should issue a statement. Only someone who had been acquainted with the negotiations in London, with all the rush and hurry that often left those who were taking part with only minutes for reflection, can understand what happened, namely, that the very last day and the very last session offered no opportunity of letting the Chairman of the Conference know that the German Chancellor proposed to deal with this question in his concluding speech; for that was his purpose. It was thought that such a statement could not be made without previous announcement at a meeting in which the final protocol of the negotiations was being drawn up, so that the Chancellor's statement, which had been duly drawn up, remained unspoken. Such was the "pressure" of the German Nationals upon the Reich Government; such were the steps taken to secure the votes of the German Nationals. Not a single German National was present at these negotiations. It was the plain and obvious obligation to carry out a unanimous resolution of the Reichsrat. Since, as a result of the mass of technical questions to be discussed, and the succession of two conferences—first that of the Allies, and then with the inclusion of Germany—this statement could not be made; since it was impossible—one conference succeeded immediately upon the other—to inform the Chairman of what was intended, it was decided to issue the statement upon another occasion.

When the negotiations took place here, the Cabinet considered the question whether, upon the occasion of the contingent acceptance of the London agreements, which was by no means assured, such a statement should then be made. It was natural that I should think that those who regarded the London agreements as something like a piece of good luck for Germany should be in complete sympathy with every effort to secure the acceptance of the agreements, irrespective of what political regrouping might result. When, therefore, I recently heard through a non-political intermediary that prominent members of the German National Party wished to speak to me about the London pact, it was perfectly natural that I should place myself at these gentlemen's disposal. In the course of the negotiations, that related solely to the actual policy of the Government, I was asked what would be the attitude of the Government to the proposals that might be put forward from German National sources.

There were two phases in these negotiations which were spread

over three conversations in all. In the first phase it was suggested that it might be possible for the Government to postpone the decision on the required legislative measures, and again approach the Allies, pointing out the difficulties which would be encountered in the Reichstag, and see whether fresh negotiations might not produce some fresh concessions in regard to the dates of evacuation. I felt obliged to reject this suggestion, as it seemed to me impossible to carry it out.

A second suggestion, which was made by me, was to the effect that, within the time still at our disposal for regular negotiation, we should once more indicate the seriousness of the situation in Germany, in order to see whether we might not achieve something on this basis, since the other side was equally deeply interested in the acceptance of the Report. I made the attempt, but owing to the shortness of the time available it had no success. I so informed the German Nationals. Thereupon I was asked whether the Government would be prepared to do two things; in the first place, if they rejected the German National proposals which were intended to make the acceptance of the London agreements dependent on quite definite conditions, whether they would not then announce that they were in principle in agreement with these proposals and would, when the Report had been accepted, do their utmost to secure the reduction of the periods for evacuation, etc. To this I consented, with reservation as to the terms in which the statement should be made. We then discussed questions of the connection between the Franco-German commercial negotiations with the efforts to secure earlier evacuation, and on our conclusions was based the Chancellor's statement regarding the proposals of the Parties, which was made in complete agreement with those who conducted the negotiations.

The second question which these gentlemen addressed to me was whether the Government was in a position, and was intending, to issue a statement on the War Guilt question. To this I replied, as you may have gathered from the foregoing observations, that it was the Government's intention to make a statement on the subject in connection with the acceptance of the London agreements. I told them that I would let them see a text of the proposed statement by the Chancellor, and said that I should be very glad if, as a result, any considerable number of their colleagues might see their way to voting for acceptance.

As touching the manner of these negotiations, it must be obvious to everyone that they could not have been conducted privately and without the knowledge of the other members of the Cabinet. After my visitors had been to see me, I reported the negotiations to the Cabinet; and the Chancellor requested me, in the name of the Cabinet, to pursue the negotiations, as was only natural, for a Cabinet that supported the London agreements had to do what was possible to secure a majority for its policy. The speeches made by the Chancellor were textually agreed in the Cabinet. They were then read aloud, or rather the last one was not read, but on technical grounds, which I will explain later, it was issued in the form of a statement to the public. They were based on the unanimous decision of the whole Cabinet, which, without exception, agreed to these statements. Such is the "intrigue" of the Foreign Minister, who, in the capacity of a Party leader, treated with the German Nationals behind the Chancellor's back.

After the last day, when the result was announced, and had produced such violent outbursts among the Communists and the German Popular Party, the Chancellor raised the question in the Cabinet as to whether the statement might not be robbed of its effect if it were made in the Reichstag, since he did not know whether he would be allowed to make it or whether he would not be shouted down. For this reason it was decided that the speech should be handed to the Press and not delivered as a speech. But not a word of the text has been altered. In it special stress is laid on the fact that the obligations into which Germany has entered are recognized by her—that is to say, a distinction is drawn between the resistance to the War Guilt lie as a slander on the German people, and the Versailles Treaty, which Germany, for her part, declared herself ready to fulfil. Thus, and in such circumstances, has been accomplished an intention which had been decided upon *before* the London Conference, but could not be carried out in London, a fortunate result of which has been to secure the majority for the acceptance of the London agreements. In the whole course of events there has been no division within the Cabinet, and no difference between the Foreign Minister and the Chancellor, and indeed the circumstances would have prevented any such thing.

Now came the question in what form the Chancellor's statement should be brought to the knowledge of the Powers. My personal view was that the best course to take would be to issue the

statement formally forthwith, on the grounds that, having regard to the greater impression which would be made by the acceptance of the London agreements, this matter would seem to be of secondary importance and quite overshadowed by the fact that the agreements had been adopted by the German Reichstag. Unfortunately, on technical grounds, this was not possible, because it was felt, and justly felt, that the foreign representatives, who were to receive the notification, should be furnished with a detailed report on the reasons which had led the German Government to take this step, so that in the consequent conversations with other States, they might be in a position to express the German Government's point of view.

Furthermore, having regard to what had passed in London, it was considered proper that the Chancellor should refer to this step in a communication that he was proposing to address or has addressed to the Prime Ministers of England and of France. This communication had an odd effect. Such communications are constantly sent, and it is of course a presumption that the receiver will regard them as what they are—namely, as primarily a private exchange of opinion not intended to be publicly known. And notwithstanding the alertness of the European Press, not all such letters become public property. But in this case it was very strange that only twenty-four hours after Herriot could have received the letter, it was referred to by the official French Telegraph Bureau. In my opinion this announcement of the German Government's proceeding was made use of to stir up a very powerful opposition to the proposed notification, for the violent attacks upon the German Government designed to prevent them proceeding in the matter, date from then. These attacks came from the most various quarters, and induced the Chancellor to propose to the Cabinet that in view of the importance of the question, it should be discussed at a very early sitting. In the text of the above-mentioned communications the German Government did not pledge itself to immediate notification. We stated that we would bring the matter to the notice of the Powers concerned, and in my opinion we have pledged ourselves in principle to do so. I feel that the authority of the Government is at stake; is it, or is it not, in a position to carry out its expressed intention? There may be a difference of opinion as to whether the announcement was in fact judicious, but an announcement that is not carried into effect is,

in my opinion, likely to be fatal to any Government. Such a Government is compromised both at home and abroad, and must draw the consequences of what it has done in one direction or the other.

One of the main objections brought against the proposed notification has been that it is the wrong time for it; these objectors cannot understand how the German Government can have trenched upon the question at all at a time when the eventual entry of Germany into the League of Nations was under consideration. I am of opinion that the question of War Guilt should be cleared up before we enter the League, and at all the discussions that have taken place hitherto, I have not observed that those who have been urging us to enter the League have helped us in the very slightest. If we had listened to these people, we should probably have been confronted with humiliating conditions, and if there is now talk at Geneva about Germany's empty chair, and it is said that nothing can be put straight without Germany's help, we owe this to the fact that we did not give way, that we took no notice of those who kept on telling us to "join, and all the rest would come afterwards". That attitude cannot serve a Government, as it might serve an individual, upon entering an organization.

Mention has been made of the speeches delivered at the meeting of the League. I cannot think that matters will so fall out that speeches will be made at Geneva, and Germany will then reply with her application for admission. If the other States are particularly concerned to get Germany into the League at this moment, and to facilitate her entry—they are perfectly well aware of our conditions—then they have ways and means of communicating the fact to Germany through their Ambassadors and Ministers. In this direction, long before the London Conference, an enquiry reached Germany as to what would be her attitude regarding entry into the League of Nations. In these agitated days, when from a survey of the German Press it might well be supposed that Germany's application for admission to the League was awaited every hour in Geneva with the greatest eagerness, only one single diplomatic communication has come before us, and that was to the effect that there were moments more favourable for the entry of Germany into the League than the present.

That is the actual situation as it stands at present. Herr Loebe, in his very friendly letter to myself, has referred to interviews that

I had with the Party leaders after my return from London. He said that he had come back with the impression that our entry into the League was not contemplated at the moment. Well, we were in England for a fortnight. In that fortnight there must surely have been an opportunity to discuss these matters with the German Delegation. Mr MacDonald told us that he must go to Geneva, as the meeting was to be a very important one, and he had only a short time to take a rest before his departure. But he did not ask us what was our attitude to the question there to be discussed. We lunched with Lord Parmoor, and were three hours alone in his company. Nothing would have been more natural than to have brought up the question of the League in these three hours' talk with the three German delegates. Lord Parmoor did not so much as mention the question of Germany's entry into the League. Herr Loebe says that it is a matter for consideration whether we should not have seized upon the opportunity to raise the question. No, I am of the opinion that it would have been completely wrong for us to have expressed any desire for the admission of Germany to the League in the presence of delegates to the League. If England, as subsequently appeared from MacDonald's speech, was on her own account anxious that Germany should enter the League, then the English delegate would have seized that opportunity to discuss the matter with us; but an opportunity that is very rare in diplomatic intercourse, when people are alone together for several hours and can discuss the political situation at large, passed without a single reference to this question.

The constitution of the League of Nations was drawn up by the victors without consulting Germany, and they desired to secure for themselves the preponderating influence. The intention of it was, after the Peace of Versailles, to establish the power of the Allies on the League of Nations, and it could not be regarded as applying to us; for it was wholly inspired by the spirit of the exclusion of Germany, just as the idea behind the Treaty of Versailles was to exclude Germany from the affairs of the world. If in the meantime the situation has altered, and if there is now talk of Germany's empty chair and the necessity for her presence, the entry of Germany into the League is only admissible if the intention is to treat her as a Great Power. That is my view, which it is my duty to represent as Foreign Minister in the Cabinet. It is further stated that it is an honour to be elected as a member of the Council of the League.

Such an election is merely temporary. Only the permanent membership of the League Council is the acknowledgment of the position of the States there represented as Great Powers, and I am firmly convinced that we shall never recover our position as a Great Power with equal rights if we do not insist on its recognition in this connection. An essential condition, therefore, is the acknowledgment of our equality by the other Powers. If these conditions are given, then Germany is ready.

There was no official communication of the War Guilt statement to the Allied Governments. The gist of it was contained in a section of the League of Nations Memorandum of September 25th, 1924, and explicitly repeated in a Note of September 29th, 1925, immediately before the Locarno Conference.

"WAR GUILT" AND THE LEAGUE

To Lord D'Abernon:

September 14th, 1924

I have just received a telegram from Geneva to the effect that the English Delegation in Geneva is very excited about a telegram of the Wolff Bureau, in which it is stated that the entry of Germany into the League of Nations is dependent upon a previous settlement of the Guilt question.

This morning we considered this report, for which the Government is not responsible, and have already pointed out to our Minister in Berne that the wording of it might give rise to misunderstanding. It goes without saying that the German Government does not propose to make its admission to the League of Nations dependent on a settlement of the "Guilt question," in the sense that the question of the responsibility for the War must be cleared up. The German Government's view, which I had the honour to make clear to you in our conversation of yesterday, is that Germany, on her admission to the League, shall not again be called upon to acknowledge responsibility for the War. The phrase in question is to be understood merely in this sense.

I should be grateful if you would be kind enough to report accordingly to London, in order to obviate any possible misunderstanding on the part of the English Delegation.

STRESEMANN ON D'ABERNON

September 15th, 1924

To Lord Parmoor:

When I was with you at your country house you were good enough to say how well represented were the English and German Governments by their respective envoys in London and Berlin: you spoke in the kindest way of the high esteem in which our Ambassador, Dr Sthamer, was held, and you also expressed your warm admiration of the personality of Lord D'Abernon. I expressed my entire agreement with your high estimation of the British Ambassador in Berlin. To my regret I now hear in Berlin diplomatic circles that Lord D'Abernon is to leave Berlin at the end of the year and is not to return to his post. It is said that his recall is due to the fact that Lord D'Abernon's task was mainly to consist in securing a settlement of the Reparations question, that this had been accomplished through the acceptance of the London agreements, and that it was therefore desirable that for a new period of political development a fresh personality should be at work in Berlin.

May I be allowed to point out, however, that Lord D'Abernon enjoys an extraordinarily high measure of confidence in Berlin, not merely in diplomatic circles but also with the German Government, and I feel that the relations between the two countries could best be served if he continued to represent the British Empire in the German capital. It would be very difficult for a successor to Lord D'Abernon again to create the connections that he has established for himself in the four years of his work among us; more especially as the establishment of a relation of confidence with the Government of a country is a matter of personality which is not easily achieved. If in the last few years the relations between England and Germany, in spite of the grievous difficulties of the European situation, have remained consistently good, a great measure of the credit for this is due to Lord D'Abernon.

When I remember the words that you used about Lord D'Abernon, I feel that they justify me in expressing my views, and I should be grateful if you would be so good as to let me know whether the rumours here current as to his recall have any foundation, and whether there is any possibility that he may be allowed or induced to remain.

The British Ambassador himself does not know that I am writing to you; but I felt obliged, in view of the persistent rumours here as to his recall, to ask you how matters stood. Please make whatever use you may think fit of what I have said.

A DISPUTED LUNCHEON

The Geneva correspondent of the *Sozialdemokratische Parlamentsdienst* asked the English delegate on the League of Nations, Lord Parmoor, whether in the course of the London Conference no one had discussed with the German Foreign Minister, Stresemann, the possibility of Germany's entry into the League. As reported by the before-mentioned journal, Lord Parmoor said:

"Herr Stresemann had a long talk over the whole problem in my country house with Professor Gilbert Murray, the present Leader of the English delegation at Geneva. I also had a similar conversation with Herr Stresemann, about which I must decline to give details, in order to avoid any controversy with that gentleman. There was also a discussion with the Chancellor Marx regarding Germany's entry into the League."

Note by Stresemann:

Sept. 16th, 1924

I rang up Dr Luther and asked him whether he had read the reports in the *Vorwärts* and the *Vossische Zeitung*. He at once said he had, and abruptly added that he found the matter inconceivable. He recalled the account I had given of my visit immediately after my return, and said that he was certain that on the evening of the day on which the Chancellor, the Foreign Minister, the Finance Minister, and the Ambassador, Sthamer, had been at Parmoor, the matter had been discussed in detail. If he was not mistaken, while we were still in the car driving back to London, he had said that it was remarkable that we had been with Lord Parmoor, and that that English champion of the League of Nations had not so much as mentioned that body. There was not a word of truth in the report in the *Sozialdemokratische Parlamentsdienst*, and he of course agreed that a *démenti* should be published stating that none of the delegates had spoken to Lord Parmoor about the League.

I rang up the Chancellor and called his attention to the report in the *Vossische Zeitung*. I also informed him that I had discussed the situation with Secretary of State von Maltzan, and that we both were of opinion that it would not do to enter into any official controversy

with Lord Parmoor, especially as only to-day he had sent me a telegram of thanks for sending him the correct version of the Wolff telegram. I thought it would be much better to enquire through Count Kessler whether Lord Parmoor had made these observations. The Chancellor agreed and added emphatically that Lord Parmoor had said nothing to him either about the League of Nations. We—that is to say, the Chancellor and I—had mentioned the matter in the evening and expressed our surprise at the omission. I reminded the Chancellor that I had particularly commented on the fact to our Ambassador, Sthamer, as he took his departure from the Ritz Hotel, more or less in these terms: "I am extraordinarily surprised, as I thought that the question of the League of Nations would be in the centre of interest, but he never said a word about it". The Chancellor then replied that at lunch Lady Parmoor had told him she was shortly going to Geneva, and that he had made one or two remarks in reply, something to the effect that matters were not yet so far advanced that Germany could join the League.

I proposed to the Chancellor that a short *communiqué* should be issued denying the report that on the occasion in question there had been conversation with the Chancellor or the Foreign Minister about the League of Nations; nothing should be said that might be taken as directed against Lord Parmoor, but that at the commencement of the statement it should be questioned whether the report truly represented what Lord Parmoor had said.

A statement was accordingly issued through the Wolff Bureau, to which the *Sozialdemokratische Parlamentsdienst* replied as follows:

"The representative of the S.P. called on Lord Parmoor, who again repeated that on August 10th, at a luncheon in his house, Marx, Stresemann, Luther, Sthamer, Gilbert Murray, and himself, had had a private conversation on the League of Nations and the conditions on which Germany might join. It was correct that he had had no *direct* speech with Stresemann, as the Foreign Minister did not speak English very well and Sthamer had had to act as interpreter. As the conversation was private and Stresemann was his guest, out of consideration for the Foreign Minister he must decline to discuss the matter any further."

Note by Stresemann:

Sept. 17th, 1924

As a result of the further statement from Lord Parmoor, I rang

up Dr Luther and asked him whether he had read this further report. Dr Luther answered: "Yes, and I can only say I was completely bewildered". I then said that in face of this statement and the attacks in the *Vorwärts*, I thought it necessary to issue a further statement on our side, and I read a draft to Dr Luther. He suggested a few alterations, and more especially that the *démenti* should be directed not against Lord Parmoor but against the paper. Whereupon I altered the note accordingly and read it to Dr Luther, who expressed his entire agreement.

HOTEL BEAU RIVAGE, GENEVA, *Sept. 18th, 1924*

DEAR DR STRESEMANN

It is pleasant to have a note from you, and Lady Parmoor and I have many memories of your visit to us when in England. I will see that the views, which you express in your letter on the desirability of Lord D'Abernon retaining his position in Berlin, are forwarded to the right quarter. I think that in the first instance Lord D'Abernon was persuaded to go to Berlin especially in relation to financial and economic difficulties, but perhaps he may be persuaded to stay on, and finish the good work he has begun.

In any case your letter is sure to be fully considered by our Foreign Minister, who is also our Prime Minister.

May I add just a word in reference to a matter which has troubled me. None can regret more than I do the references which some papers have made to our private meeting at Parmoor, and please believe me when I say that I am absolutely certain that you give an accurate record of your recollection. I hope that the incident may soon be buried for good, and forgotten.

Lady Parmoor joins with me in sending our kindest regards.

Yours sincerely and respectfully

PARMOOR

To Freiherr von Ramel (Swedish Ambassador in Berlin), at Geneva:

Sept. 22nd, 1924

For the past ten days the symptoms of powerful political disturbances have been observable in Germany. The struggle will be fought out over the question whether the Government, which is admittedly a minority Government, shall be extended to the Right or to the Left. It is assumed that the Foreign Minister, bound by the resolutions of his Party, will strongly support the admission of the German Nationals into the Government. On this account I am being subjected to an intense bombardment. Nothing is further

from my mind than to drag Yr Excellency into a German political conflict. Part of this campaign is being carried on against me from Geneva. One weapon used is the tenacious report that I am opposed in principle to the League. That this is quite incorrect, Yr Excellency is well aware. I think, indeed, that I had the honour to set forth to Yr Excellency the conditions that would be essential if Germany's entry into the League was to be considered. In addition, a special attack has been made upon me relating to that luncheon at Parmoor at which the Chancellor, Dr Luther, our Finance Minister, the German Ambassador, Dr Sthamer, and I were present on behalf of Germany. The question has, in itself, no political significance, as there are utterances indicative of English opinion regarding Germany's entry into the League of a much later date than Lord Parmoor's statement. But if the newspapers of the Left are to be believed, there is at the conference in Geneva a general feeling of mistrust against the German Foreign Minister, who is discredited since Lord Parmoor's pronouncement, as though his word could no longer be trusted.

We, on behalf of the German Government, have made no use of Lord Parmoor's latest statements and those of the German Ambassador, so as not to embarrass Lord Parmoor. But I am particularly anxious not to suffer in the eyes of the delegates at Geneva. I am indeed convinced that the reports in our Press of the Left, to the effect that the German Foreign Minister is regarded with mistrust, are inaccurate or exaggerated. None the less, such an impression may very well be present in the mind of one or other of the delegates. May I therefore beg Yr Excellency to be so kind as to tell me quite candidly whether, as is stated in the Press of the Left, there is really a feeling against me in Geneva owing to all this; and may I also beg you to be so good as to set matters right, in view of what I have told you, and to explain the reasons for which the German Government must refrain from pursuing this extremely painful matter.

II

GERMANY AND THE LEAGUE OF NATIONS

In connection with disputes over the entry of Germany into the League of Nations, the following are the Clauses of the Treaty and of the League Covenant that came into question:

ARTICLE 231 OF THE TREATY OF VERSAILLES

The Allied and Associated Governments confirm and Germany accepts the responsibility of Germany and her allies for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her allies.

ARTICLE 16 OF THE COVENANT OF THE LEAGUE OF NATIONS

Should any member of the League resort to war in disregard of its covenants under Articles 12, 13, or 15, it shall be *ipso facto* deemed to have committed an act of war against all other members of the League, which hereby undertakes immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial, or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a member of the League or not.

It shall be the duty of the Council in such case to recommend to the several Governments what effective military, naval, or air force the members of the League shall severally contribute to the armed forces to be used to protect the covenants of the League. . . .

They will take the necessary steps to afford passage through their territory to the forces of any members of the League which are co-operating to protect the covenants of the League.

Note by Stresemann:

Sept. 17th, 1924

The English Ambassador called upon me to-day to discuss, in connection with his last conversation regarding the entrance of Germany into the League, in what form this entrance should take

place, so as not to contravene Germany's wishes. He repeatedly pointed out that Articles 8 and 9 [of the League Covenant, dealing with questions of disarmament] did not, in his view, come into consideration as regards Germany; they referred to disarmament by other countries and could not affect Germany, since Germany had gone further in the way of disarmament than what was required under these Articles. On this account France could not make Germany's admission to the League dependent on the conclusion of military control. Article 1 was important; but in his opinion we could accept this Article without perturbation. It simply stated that we must fulfil our international obligations; and that we would do so was a matter of course. Germany would not need to go beyond what was there said. He did not know whether any declaration would be called for from Germany. How and under what formalities individual countries had been admitted to the League was not all clear, and could probably only be discovered by reference to the archives of the League. He did not believe that an invitation had been addressed to Turkey regarding her admission. He then returned to his previous notion, that the League had no right to demand any special declaration from Germany. For the rest, he had indeed observed that the formulae that dealt with questions regarding admission contained "a great deal of nonsense", but nothing that need cause any serious disquiet to our country.

I again told Lord D'Abernon that it was of the first importance from our point of view that we should not in any sense again recognize the Versailles Treaty and Article 231. The view taken in Germany was that the Covenant of the League was a part of the Treaty of Versailles. If we recognized the Covenant of the League, we thereby recognized the Versailles Treaty itself. Lord D'Abernon said, No.

If, too, it could be said of Article 1 that it merely contained what was obvious, inasmuch as international obligations must be fulfilled, these international obligations referred, above all, to the Versailles Treaty. Public opinion in Germany would say Germany had now recognized the Treaty of Versailles of her own free will. We should have to be very cautious in this regard, lest the War Guilt question might grow into an important movement with the consequence that the German National Party might reunite on that basis, and make an agitation on this question the founda-

tion of its future activities. In my opinion there must be an official announcement by the Government, explaining that this recognition of our international obligations did not extend to the Versailles Treaty and the War Guilt question.

Lord D'Abernon thought that such a declaration would not be desirable. I asked him how he thought we could circumnavigate this obvious reef. He maintained his view that in the circumstances we should not need to make any declaration, and asked me to tell him what form of words would, in the event, be recognized by Germany. I said I should have to consult members of my Department on this point, and promised I would let him know about this later on.

On the evening of the 22nd Stresemann received a visit from D'Abernon, who brought with him a long statement from MacDonald. In this the English Prime Minister stated that his Government was not in a position to advise the German Government on a matter of such great international significance. The League question had been rendered much more difficult by the discussion of Article 231. He could not go further in his official pronouncements than he had done in Geneva. Above all, he could give no statement to which Germany could later on appeal (in case the position became awkward, as Lord D'Abernon explained). The English Government must refuse to undertake any sort of guarantee for Germany's admission to the League, or regarding the majority that might be desirable for Germany's admission. Nor could they exactly define their attitude to Germany's admission, the point of this reservation being that they could make no promise as to a permanent seat on the Council. If Germany did not enter the League, that body would be seriously weakened, and he, MacDonald, could not carry through his proposed policy.

THE CABINET'S DECISION

The decision of the Cabinet on the League of Nations question was planned for September 23rd. Stresemann telegraphed to the German Minister at Berne, Dr Adolf Müller, and asked him to send a statement of his views as material for the Cabinet.

The Minister stated his explicit view that the entry of Germany into the League must be made unconditionally dependent on the assurance of a permanent seat on the Council. This assurance must be given before the request for admission was sent. In accordance with the Covenant of the League, the Council must vote unanimously, and the Plenary Assembly by a majority, for such a per-

manent seat on the Council. In consequence, before the request for admission was despatched, Germany must receive a definite promise from every individual State, or a previous resolution of the Council that in the event of Germany applying to the Plenary Assembly for admission to the League she would be granted a permanent seat on the Council. Furthermore, Germany must demand a definite settlement on the question of Military Control, and must secure the right to be represented at the investigations.

At the Council of Ministers on September 23rd, Ebert took the chair. It was unanimously agreed that the Government should try to secure Germany's entry into the League as soon as possible.

The decision was based on the consideration that the questions dealt with by the League, more especially the protection of minorities, the settlement of the position of the Saar, the question of general disarmament in connection with the arrangements for military control, as well as the important questions awaiting solution regarding the establishment of peaceful co-operation between the nations, could only be satisfactorily disposed of with the assistance of Germany. This assistance could naturally only be given in the capacity of a Great Power with equal rights.

The Government would, through the Foreign Ministry, ascertain definitely from the Powers represented on the League whether the guarantees in question, that relate not merely to Germany's position on the League but to other questions indissolubly connected therewith, would in fact be secured.

THE GERMAN MEMORANDUM ON THE LEAGUE OF NATIONS

The "aide-mémoire" laid before the Cabinet of the Reich on September 25th was not communicated to the foreign Premiers until December 23rd. It stated that, in the opinion of the German Government, the time had come, especially after the events and the result of the Conference of London, to lay the foundation of a more profitable co-operation in the League of Nations. The German Government had therefore decided to apply for the admission of Germany to the League as soon as possible. In order to avoid anything that might serve as a set-back to the now improving political situation, Germany was desirous of clearing up quite frankly, with the nations represented on the Council of the League, certain questions that were of decisive significance for the purpose of Germany's co-operation.

The first of these points related to the assurance that Germany would receive a permanent seat on the Council immediately after her admission to the League. The second concerned a reservation against an obligation arising out of Article 16 of the Covenant of the League—the Article relating to executive action by the League

against States that have broken the Peace. A disarmed nation, surrounded by strongly armed neighbours, cannot commit itself to neutrality in advance. The third point referred to the statement to be made upon the occasion of admission. It must not—in accordance with the terms of the declaration on War Guilt, which was never communicated—be understood to mean that the German Government recognized, as the basis of their international obligations, assertions that contained a moral imputation on the German people. The Government must once more emphasize that the fulfilment of the London agreements involved, before anything else, a speedy restoration of the Treaty conditions on the Rhine and in the Ruhr as an unconditional necessity. Under the fourth point, Germany, which since the War had been excluded from any sort of Colonial activity, demanded in due course to be accorded an active participation in the mandatory system of the League of Nations. It is to be made clear that the neutrality of the League is an indispensable condition for its complete effectiveness.

STRESEMANN TO SIR ERIC DRUMMOND

On December 12th the Government of the Reich addressed a Note to the General Secretariat of the League, and at the same time to the Governments of the Powers represented on the Council. As the answers to the German memorandum of December 29th—as was semi-officially stated on December 18th—had not cleared up one of the most important points, the question of Germany's participation in measures of military compulsion that might be taken by the League, the Government of the Reich asked for further enlightenment on this point.

The German Government believes that the political development of the past year has provided the possibility for Germany's entry into the League of Nations. In September last it was accordingly decided to consider the question of joining the League at a very early date. With this end in view the German Government first got into communication with the Governments represented on the League Council and addressed to them a memorandum that was calculated to clear up certain important problems connected with German co-operation in the work of the League. As you will see from the accompanying copy of the memorandum, the Governments concerned were asked to state their attitude regarding the admission of Germany to the Council of the League, as well as to the question of the participation of Germany in the coercive measures covered by Article 16 of the Covenant of the League.

Furthermore, the memorandum was intended to put these Governments in possession of the attitude of the German Government on certain other points connected with Germany's entry into the League.

The answers to this memorandum are now before the German Government, and it is observed with satisfaction that the Government's decision has met with complete agreement on the part of the Powers represented on the Council of the League. The German Government believes that it may be assumed from these answers that due account will be taken by the Powers represented on the Council of the League of the German Government's desire that Germany shall have a seat on the Council. On the other hand, the answers in regard to Article 16 have not produced the desired result. As may be observed from what is said in the memorandum on this point, the German Government was concerned to find a way out of the difficulties that might arise for Germany, owing to her special position, out of the application of this Article. The Governments in question have, in fact, either refrained entirely from dealing with these difficulties, or have not taken adequate account of Germany's misgivings. They have unanimously given expression to the view that the German proposal for admission to the League shall be made without reservations and limitations; but on this particular question they have indicated the competence of the League of Nations itself to decide it.

The problem involved is likely to be so exceedingly far-reaching in its effects on Germany's destiny that the German Government cannot merely leave its solution to the future. In order to achieve its purpose, the Government now sees no other way of proceeding than to submit the problem to the League itself. In the hope that the League of Nations will recognize the necessity for a preliminary discussion of the matter, and on that account may be prepared to discuss it forthwith, the German Government ventures once more to describe the position and make clear its attitude as follows.

Article 16 regulates the procedure to be adopted in the case of a violation of peace, against the guilty State. It obliges the members of the League to take measures of an economic and military character, such as hitherto were in general only possible as the result of a declaration of a state of war. In any event, the States taking part in such measures must be continually prepared to be treated by the State in question as though they were Powers carrying on a

war. It is at once obvious that the principle that lies at the basis of these coercive proceedings can only be practically realized if it is accompanied by arrangements and Treaty agreements calculated to provide the members of the League involved with the greatest possible measure of security against the warlike proceedings of the disturber of the peace. This is not the case under the terms of the Covenant of the League. The conduct of military operations against the disturber of the peace is indeed contemplated in principle, but has hitherto not been more exactly regulated. It is not subjected to the central authority of the League, but left to the free disposition of the individual members. Moreover, the success of these measures becomes in certain circumstances doubtful when they are applied to States which, as is still the case to-day, have at their disposal unlimited and powerful armaments of war.

That this offers the possibility of certain dangers for nearly all the States that are members of the League is obvious. But these dangers will be intensified beyond endurance for a country that, like Germany, lies in a central position and is entirely disarmed. In order to make clear the condition of affairs that has been called into being by the one-sided disarmament of Germany, it is merely necessary to call the following facts to mind: Germany, a country with more than sixty million inhabitants, with a land frontier of 5000 kilometres, and a coastline of more than 2000 kilometres in extent, disposes of an army of 100,000 men in all. Universal military service is abolished, and the formation of reserves is not permitted. This force, quite apart from its numerical strength, cannot in any way be compared with the armies of other countries. It is lacking in all the equipment necessary for modern warfare. It possesses neither heavy artillery nor aeroplanes nor tanks. The fortresses on the western frontier are dismantled, and the few fortresses still remaining to Germany are completely out of date. In the west, 55,000 square kilometres of German soil is demilitarized, not, however, in Germany's favour but one-sidedly in favour of her neighbours. State armament factories do not exist in Germany. The productive capacity of the existing arms and munition factories, the number and character of which is exactly laid down, only suffices to deal with the current needs of peace-time. Any rapid adaptation of other factories for military purposes, in the case of war, has been made impossible by the demolitions effected under the provisions of the Treaty of Versailles. All mobilization meas-

ures are forbidden. The strength of the fleet is far below the disarmament limit of the Washington Agreement of February 6th, 1922. On the other hand, apart from their fleets, the other European States may equip themselves for war to a degree that is completely unlimited. Their production of up-to-date war material is subject to no restriction whatever. There are States adjoining Germany which even in peace-time possess more than 5000 tanks, 1500 military aeroplanes, and 350 batteries of heavy artillery. All of them dispose of large reserves of material against the event of war. A neighbouring State with less than eight million inhabitants has a standing army of 80,000 men; another with less than fourteen million inhabitants has a standing army of over 150,000 men; a third neighbouring State with less than thirty million inhabitants has a standing army of 275,000 men; and a fourth, with less than forty million inhabitants, has a standing army of more than 700,000 men. All these armies are based on the system of universal military service, which ensures the application of the whole power of a nation in the event of war.

Thus Germany finds herself in complete military impotence in the centre of a heavily armed Europe. If the measures contemplated under Article 16 lead to acts of war, Germany is not in a position to make any real resistance to a military invasion of her territory. Germany would be completely dependent on the military protection of her fellow members of the League, though these would not be under any obligation to provide such protection. The country would, in most cases that could be imagined, become the scene of European wars conducted under the auspices of the League. Even when the disturber of the peace was not an immediate neighbour, there is good reason to fear that, if the course of the military operations turned out unfavourably, the war would be carried on to the defenceless territory of Germany. And even presupposing the loyal fulfilment of League obligations, it must not be forgotten that the foreign League forces would not defend German soil with the same self-sacrifice with which they would defend their own land. That German troops could play no appreciable part in such conflicts needs no further emphasis in view of their small numbers and their lack of all the modern means of warfare.

All this is a necessary consequence of the fact that the whole organization of the League is scarcely compatible with the military preponderance of individual States, whether they are members of the

League or not. It presupposes as a basis an armed equipment of all States, in the assessment of which the geographical position and the size of the States is taken into more or less equal consideration. This presupposition will not even be fulfilled, so far as concerns Germany, if the disarmament of the other States were carried out within the terms of the League programme, since this programme defines a limit for the reduction of military resources that does not prejudice the requirements of national security nor the possibility of participation in the coercive measures. The level of general armaments will still even then be far above the level of the state of German armaments.

In the view of the German Government there is only one way out of the difficulties in which Germany is involved by this disparity in regard to her participation in any coercive measures. In the event of international conflicts the German Reich must be allowed to determine for herself the extent of her active participation. In this, Germany is asking for no favour. What she asks for is the consideration of her special position in the assessment of her duties as a member of the League. Otherwise, by her entry into the League, she would be forced to surrender the ultimate means of protection for a defenceless people, neutrality.

In what form this request on Germany's part could be met, the German Government cannot foresee. We are not authentically informed as to how the application of coercive measures will be arranged or planned in an individual case. However, the German Government assumes from your courteous communication of October 27th of this year, entitled "Protocol for the Peaceful Settlement of International Disputes", that the League has already been engaged in deliberations tending in the same direction. By the terms of Section 2 of Article 11 of this protocol, in the share assigned to individual States in the application of coercive measures, account is to be taken of their geographical and military position. But, apart from the fact that the protocol has not come into force, the above reservation is clearly not to affect the obligation of all members of the League to take part in measures of blockade, to afford active economic support to the campaign, and to permit the troops taking part to march through their territory. In this way all members of the League will be deprived of the possibility of neutrality. Thus, even when the protocol comes into force, Germany will still be exposed to all the dangers that have been briefly enumerated above.

The German Government confidently anticipate that the League of Nations will recognize the justice of these apprehensions and find a way to remove them. It is felt that it is possible to consider German interests without in any way imperilling the organization of the League or the fulfilment of its tasks. May I ask you, Sir, to lay the matter before the competent committees of the League as soon as may be practicable?

FRANCE AND ARTICLE 16

France, too, sent an answer to the German League of Nations memorandum, and thought fit specifically to reject the German scruples regarding Article 16 of the League Covenant. At an interview with Margerie on October 8th, Stresemann told the Ambassador that he did not consider the French reply satisfactory as a whole.

In answer to this, Margerie pointed out that it was impossible for France to define her attitude, on her own behalf, to Article 16 of the Covenant. The question must be discussed after Germany had joined the League. He told me frankly that in his communication to the French Government he had called attention to the difficulties in which Germany would be involved by accepting the conditions of Article 16, and that he entirely understood our position.

RUSSIAN APPREHENSIONS REGARDING THE LEAGUE

Note by Stresemann:

Sept. 26th, 1924

The Russian Counsellor of Embassy, Brodowski, came to see me to-day and asked me to inform him of the steps that Germany proposed to take in the matter of joining the League. Germany's intentions in this respect were regarded in Russia as the inauguration of a new policy, which was being followed with anxiety. He would therefore be grateful if I would let him know the reasons that had moved the German Government to take this step.

Upon this I explained the standpoint of the German Government in some detail, and especially referred to the conditions which Germany attached to her entry into the League, more particularly in the question of the executive action of the League, and the question

of its universality. I mentioned that we did not, as Herr Litvinoff had imputed to us, thereby recognize once again the frontier imposed on us in Upper Silesia. Article 19 of the League Covenant expressly provided us with the power to bring up for revision treaties that had been ratified. As a member of the League, Germany could make use of this. I suggested that Herr Litvinoff should again refer to the article in which the *Temps* dealt with Germany's admission to the League; he would see from what was there said that France was far from regarding this step as involving any alteration of policy by Germany. Indeed the *Temps* was much more inclined to suggest that Germany was apparently merely concerned to bring up the question of the revision of the Versailles Treaty in the international *milieu* of the League of Nations. In the political sphere, too, our future co-operation on the Council of the League had aroused misgivings. If the act of joining the League implied that the States there represented regarded the delimitation of frontiers under the Treaty of Versailles as unalterable, Hungary would in all probability never have entered the League. I further pointed out that MacDonald, the originator of the Anglo-Russian Treaty, had strongly advocated Germany's admission to the League. MacDonald was certainly a friend of Russia and would not associate himself with a French policy directed against that country. Herr Litvinoff and the Russian Government might see from this how wrong they were in assuming that we were changing our policy.

With reference to a question regarding a Russian observer at the League of Nations, Herr Brodowski said that Russia certainly intended to appoint such a person, but that his Government had not in any way changed its opinion about the League. Russia did not propose to co-operate with the League and the Border States,¹ but he would gladly convey my observations to Herr Litvinoff. He went on to ask if he might call upon me again in a few days to consider the matter in more detail. He took occasion to mention that the behaviour of our representatives in certain countries had led the Russian Government to assume that we were altering our policy towards Russia. In reply to my enquiry as to what he meant by this, as I had no knowledge of anything of the sort, he instanced Afghanistan and Persia. I told Herr Brodowski that I really did not know to what he was alluding, but that I would gladly go into the matter at our next talk.

¹ *I.e.* the former Baltic provinces.

Note by Stresemann:

Oct. 1st, 1924

At our interview to-day Herr Brodowski began by turning the conversation to Germany's attitude towards the League of Nations, and asked me about our memorandum. I told him briefly the contents of the document, and then gave him a copy for his confidential information. He enquired whether the latest decisions that had been taken regarding Military Control might not alter our resolve to enter the League. I replied that the decisions that excluded Germany from co-operation with other States in the administration of the Control was not known to us at the time the memorandum was drawn up, or we should probably have protested against it. It was in my view impossible that the League of Nations should consist of two classes of States, of which some were to be considered fit to exercise control, and others merely fit to endure it. This was a question to which we should probably return later in the negotiations. For the present, we were waiting to see what sort of answer we should receive from the Powers.

I then took the opportunity of turning the conversation to Herr Tchicherin's letter to Professor Ludwig Stein, and expressed my surprise that it should have been published.

In the Russian Commissar's letter Germany's attitude to the League of Nations question was severely criticized. It was stated incidentally that "in this matter Germany's policy comes into collision with the Rapallo policy. Against her own wish, by the mere power of facts, Germany will in this way be drawn into combinations and actions that will bring her into conflict with us. Germany would thus sacrifice such instruments as are an element of international strength; and Germany herself would sink into the position of one of the instruments of the Entente policy of force." Stresemann went on:

I asked Herr Brodowski what would be said in Russia if I addressed a communication to a Russian political club in which the foreign policy of the Russian Government was sharply criticized, and if this letter was subsequently published. To this Herr Brodowski replied that he had asked Herr Tchicherin about the publication of the letter, but had not yet received a reply from him. The letter was not due to Tchicherin's initiative; Herr Ludwig Stein had written a letter to Tchicherin in which he mentioned that

Tchicherin had once addressed the Wednesday Club on this very question, and he asked him what his views were on the matter. He would telegraph my opinion to Tchicherin, and he hoped that the letter would not previously have been published.

With reference to our last conversation, I asked Herr Brodowski to what he was referring when he said that it was obvious, from the demeanour of our representatives abroad, that our attitude towards Russia had changed.

He could not produce any evidence to this effect from Afganistan or Persia, and confined himself for the most part to criticizing our policy regarding the position of the Border States. Orders seemed to have been issued that German policy was to work for a union of the Border States. This, as matters stood, involved a policy that favoured Poland and was to the disadvantage of Russia. I then replied that I knew nothing of such a policy; and that he could see for himself that we had little occasion to offer special support to Polish policy or to pursue an anti-Russian Border-State policy. No such instructions had ever been issued by the German Government, and I could not see the point of our indulging in such a policy at the present juncture.

Herr Brodowski could not adduce any further evidence in support of his remarks in this matter; he merely observed that he was glad to receive my assurances.

He asked me in conclusion about home affairs. I replied that everything was in a state of flux, but that I could not say what might be the outcome of the negotiations that had just begun.

Note by Stresemann:

Oct. 29th, 1924

At my request the Russian Ambassador, Krestinski, came to see me this afternoon accompanied by the Councillor of Embassy, Bratman-Brodowski. After a few remarks about the Ambassador's return from his cure, I came to the purpose of my invitation. I referred the Ambassador to two articles in the *Rote Fahne*, an appeal to the Hamburg proletariat, and, further, a general appeal from the Third International. The appeal had not reached the rest of the Press, so that fortunately German public opinion was not yet aware of these matters. However, it was to be anticipated that the Hamburg Senate would approach the Foreign Ministry to determine how it was to be explained that an official of the Russian Govern-

ment should sign an appeal addressed to the Hamburg people in the sense of a war against their native city. It could not be pretended that Herr Zinovieff was not to be treated as an official of the Government. From a speech that Zinovieff delivered this year in Leningrad it was clear that he regarded himself as a member of the Government. Even if I were to regard him in his capacity as an Oberbürgermeister he stood in a certain relation of dependence on the Russian Government, and on that account his utterances possessed special importance. I would be glad to avoid difficulties of the kind, now that we had just surmounted a very troublesome situation. Having regard to these events, I addressed to Herr Krestinski an urgent request to take care that Herr Zinovieff should not again interfere in the internal affairs of Germany.

I pointed out what an enormous effect, both in home and foreign affairs, a letter from Herr Zinovieff had had on the English elections and their result, and reminded him that a similar outcome might be expected here if the Parties got hold of the affair.

Herr Krestinski replied in Russian and said, according to Herr Brodowski's rendering, that he was very grateful for the friendly way in which I had dealt with the matter. He would at once report to Moscow, and convey my grievances to his Government. Herr Zinovieff's speech of April 8th was unknown to him, but he might tell me personally that Herr Zinovieff was not a member of the Government. Only the People's Commissars belonged to the Government, but Zinovieff was a member of the Executive Committee, of which there were 400 members, and which might be more or less compared with the German Reichstag. In the Ambassador's opinion, therefore, the speech might be regarded as though it had been delivered by a German Deputy.

I could not let this pass, and again referred to Herr Zinovieff's statement; I took note of the fact that the matter would be reported to Moscow, and I asked to be informed of the Russian Government's reply.

I then handed to Herr Krestinski a Note from the German Government on the subject of the liquidation of German property. I requested him, when forwarding this Note to his Government, to inform them that we were much disquieted over these matters, and pointed out that the Russian decision was in contradiction with the statements made to Germany on the question. Herr Krestinski promised to despatch the Note forthwith.

Herr Krcstinski then enquired very cagcrly about the German attitude to the League of Nations. This had been the subject of a conversation with Brodowski a few days before, and he also asked the same question, without, however, defining his own position. I gave Herr Krestinski a detailed description of the situation. We had not yet received all the answers, but their tenor could already be foreseen. The Powers were agreed as to a permanent seat on the Council for Germany, but they avoided the question arising out of Article 16, so that the decision regarding Germany's obligations under that Article, a very important one for us, was still quite obscure. As soon as we had received all the answers, we would once more consider the matter in the Cabinet, and we should perhaps find it possible to ascertain unofficially whether this evasion on the part of the Powers was merely formal, or represented an opposition to us on this point. The German Government still stood by the memorandum, and would take it as the basis of their decision. I also mentioned that public opinion in Germany regarding the League of Nations had become much calmer, and that there was no pressure upon the Government to enter the League.

Krestinski laid stress on the fact that the publication of the letter to Professor Stein had been quite contrary to Tchicherin's wishes. But Stein had so arranged matters that the letter had to be published. The tone of our conversation on this matter was throughout entirely amicable.

Finally Krestinski asked what would be the probable result of the elections, and I gave him an opinion based on the results in Upper Silesia and Hamburg: Collapse of the German Popular Party, heavy losses by the Communists, weakening of the German Nationals, and an increase in the Social Democrats and the German People's Party, otherwise an unaltered situation. The future formation of the Government I described as rather obscure, and I would not venture to prophesy.

THE WAR GUILT QUESTION AND THE LOAN

Note by Stresemann:

Sept. 25th, 1924

On the occasion of a luncheon at the offices of the National Bank, the President of the National City Bank, Herr Mitchell, approached

me and asked that the statement on War Guilt might be withheld at least until the loan had been adequately taken up in America. The important thing was to win over the individual American subscriber to the idea of a German loan. By the issue of the loan we should create for ourselves an army of 300,000 persons in America, who would make propaganda for Germany because they were interested in Germany's welfare. Naturally there were a good many obstacles to be overcome. On the day that the statement regarding War Guilt was published, the conflict about the origin of the War would break out again, which was very undesirable, and might indeed destroy the effect of the loan. On these grounds, he and his colleagues who were associated with him in the issue of the loan would be greatly obliged if any such disturbing effects could be avoided at this stage.

GETTING INTO TOUCH WITH ENGLAND

Note by Stresemann:

Sept. 26th, 1924

On the invitation of Dr Luther, Minister of Finance, I to-day met the English members of Parliament, Sir Philip Dawson and Mr Hannon. The latter, who sat next to me at lunch, took the opportunity to develop the following ideas:

It was essential that English and German industry should co-operate more closely; especially was this true of the Steel and Iron Industries. Both industries now stood in competition with each other, and this was embittering their relations. The market was too small for the productions of both countries. Some agreement must be reached on the lines that England should provide financial aid for German industry, and take shares in German undertakings. Then England could support German industry with a good conscience, and they could attack the world market in conjunction. By this means the German market would also increase in capacity, and this would help, too, to diminish the unemployment in England, which was becoming an intolerable burden. He had talked over these ideas with Minister von Raumer and found him in entire sympathy with them. He very much wished that a few important German Industrials would get into touch with the appropriate leaders of English industry; England was very anxious for industrial co-operation with Germany, since France was merely a source of

vexation. France was increasing her tariffs, and cutting herself off from the English market. But as soon as an English industry called for protection, there was a great outcry in France. He hoped that in Germany there would be a disposition to share this view, and he had come over with his friend Dawson to discuss it.

III

CRISIS IN HOME AND FOREIGN AFFAIRS AT THE END OF 1924

RECONSTRUCTION OF THE GOVERNMENT

THE Committee of the Parliamentary Group of the German People's Party on September 24th gave expression to their decision that it was necessary to secure the support and co-operation of six million German National voters, if the inevitable party-political conflicts were to be confined within reasonable limits, and a common and united front established in matters of foreign politics, which was essential to any success.

This resolution was conveyed to the Chancellor, Marx, by the Committee of the Parliamentary Group. Marx said that, by his agreements with the Parliamentary Group of the German National People's Party of August 29th, it had in any event been his intention, even before the reassembly of the Reichstag, to initiate negotiations regarding some measure of reconstruction of the Government, and that it was still his intention to do so.

On September 30th, the committee of the German National People's Party decided that the Parliamentary Group should express its willingness to take part in the negotiations proposed by the Chancellor regarding the participation of the German Nationals in the Government.

In connection with this resolution, on October 1st and 2nd, conversations took place between the Chancellor and the members of the Reich Cabinet, as well as with the leaders of the Parties. On the evening of October 2nd the following announcement was issued:

"A conversation took place this afternoon at the Chancellor's house between the leaders of the Government Parties and the Chancellor. The Chancellor's proposal to open negotiations with the German National People's Party with a view to broadening the basis of the Government was approved. The Chancellor will in due course inform the leaders of the Government Parties of the result of these negotiations."

Oct. 4th, 1924

After a Ministerial discussion it became known that the Chancellor had sketched out the main line of his policy in home and

foreign affairs. On this basis the negotiations with the Parliamentary Groups would be followed up.

Oct. 6th, 1924

The German People's Party stated that they must reserve their freedom of action if the Centre and the Democrats resisted on principle any extension of the Government towards the Right. An article in *Germania* with the heading "What does this mean?" brought Stresemann and Marx into personal opposition. On October 8th the Chancellor published the outline of policy communicated to the Parliamentary Groups for the purpose of a decision regarding their adhesion to a Government on a broadly popular basis; the following points were laid down:

(1) The recognition of the Constitution on August 11th, 1919, as the legal foundation for the activities of the State.

(2) The further conduct of foreign policy on the basis of the London agreements, and an effort to be made to join the League in accordance with the principles laid down in the German Memorandum.

(3) Distribution of the burdens involved by fulfilment of the Dawes Laws.

(4) The adaptation of expenditure on social services to the financial position of the Reich.

(5) Intensification to the utmost of production and labour-yield, the strengthening of home production, and the encouragement of export trade on the basis of reciprocity and most favoured nation clauses.

On October 10th the result of the Chancellor's negotiations was made known. He stated that he regarded the difficulties in the way of the construction of a Government, to include the German Nationals and the Social Democrats, as settled.

NO BASIS

On Wednesday, October 15th, the Democratic Parliamentary Group passed a resolution to the effect that the existing minority Government should be maintained, and any extension of the Government towards the Right should be rejected.

On October 16th the Centre Parliamentary Group appealed to the Chancellor to use every possible means, and in the last resort to appeal to the political judgment of the nation, to establish a practicable Government which would be able and willing: (1) To continue the conduct of foreign policy on the existing lines. (2) To carry on the tasks of social reconciliation and economic peace. (3) To safeguard and develop the achievements of Christian civilization

The following *communiqué* was issued regarding the negotiations of October 16th and 17th: "When it became clear that the necessary extension of the Government could not be achieved by way of negotiations with the Parliamentary Groups in the Reichstag, the Chancellor, after consultation with the other leaders, this evening received the representatives of the German National People's Party, with a view to negotiations regarding the inclusion of members of that Party in the Government".

The negotiations with the German Nationals had reached no decision by the evening of October 18th, so it was not until the 20th that the Chancellor could think of continuing negotiations. The Democratic Parliamentary Group once more refused to be associated with an extension of the Government towards the Right, and in this connection reference was made to the position of the Reichswehr Minister, Dr Gessler. Dr Gessler had already stated to the Democratic Group that he would not remain in the Cabinet if the Democratic Group left the Government Coalition.

DISSOLUTION OF THE REICHSTAG

"The efforts of the Chancellor"—so it was officially reported—"to extend the basis of the present Government, so as to secure a safe majority for the continuance of the policy that has been hitherto pursued, have finally failed. On this account, as no other feasible method presented itself, the Chancellor, in agreement with the whole Cabinet, asked the President of the Reich to dissolve the Reichstag, in order to give the nation an opportunity to create such a majority."

ELECTION JOURNEYS AND ELECTION SPEECHES

On the day after the assembly of the Party at Dortmund Stresemann went to Osnabrück. Here he spoke on November 15th at 4 o'clock in the afternoon; on the same evening he was present at a gathering of Rhenish-Westphalian journalists; and on the morning of November 16th he spoke in Essen. Thence he went by car to Cologne where he addressed a public meeting at 6 o'clock in the afternoon.

On the evening of November 20th he went to Mannheim, where on the morning of the 21st he had interviews with supporters of his Party from Bavaria and the Palatinate. Thence he went *via* Ludwigshafen to Neustadt an der Hardt. Here Stresemann spoke at 4 in the afternoon, got into a car immediately he had finished and drove to Worms, where he spoke at 8 o'clock in the evening.

From Worms he went on to Freiburg, Karlsruhe, Stuttgart, and

Munich, addressing large meetings at each place. From November 24th to the 26th Stresemann was again in Berlin. On the 26th he went to Königsberg, where he addressed several thousand persons in the Town Hall.

RESULTS OF THE ELECTIONS

Social Democrats . . .	131	members (as against May 4th, + 31)
German National People's Party . . .	103	" (" " " " + 8)
Centre . . .	69	" (" " " " + 4)
Communists . . .	45	" (" " " " - 17)
German People's Party . . .	51	" (" " " " + 6)
National Socialists . . .	14	" (" " " " - 18)
Democrats . . .	32	" (" " " " + 4)
Bavarian People's Party . . .	19	" (" " " " + 3)
Agricultural Party & Bavarian Peasant's Union . . .	17	" (" " " " + 7)
Land Union . . .	8	" (" " " " - 2)
German Hanoverian Party . . .	4	" (" " " " - 1)
German Social Party . . .	0	" (" " " " - 4)
TOTAL, 493 members (previously 472)		

RESIGNATION OF THE MARX CABINET

On December 11th Dr Marx, the Chancellor, offered his resignation to the President: in a conversation between the President of the Reich and the Chancellor it was agreed that the Cabinet as a whole should not resign until negotiations regarding the formation of the Government had become possible.

On December 15th the Cabinet announced its resignation, which was accepted by the President. The existing Government was asked to carry on for the time being.

Stresemann returned on December 17th from a brief holiday in Fürstenberg. He was at once received by the President. In the evening he refused the proposal that he should undertake to form a Government. The reason given was a resolution of the Centre Group not to take part in any so-called Moderate Government. This resolution was interpreted to mean that the Centre would not allow its Ministers to remain in any Government that consisted merely of German Nationals, Centre, German People's Party, and possibly Bavarian People's Party. After Stresemann's refusal, negotiations for the formation of a Government were continued by Marx. The result was that the Parliamentary Group adhered to their resolutions, and the formation of a majority Government was

impossible. As a result, the question of the reconstruction of the Government, by agreement between the President and the existing Government, was postponed until shortly before the reassembly of the Reichstag. The opening meeting of the Reichstag was proposed for January 5th, 1925.

THE GOVERNMENT CRISIS

The crisis, which was postponed until the beginning of 1925, and ended in the formation of a Luther Cabinet including the German Nationals, was dealt with by Stresemann on December 25th in an article in the *Hamburger Fremdenblatt*:

The question of the German Government crisis has been generally treated during the last few weeks from the standpoint of Parliamentary Group arithmetic. The question has been raised as to what Government combinations were possible in Germany, and various majority combinations were suggested, which, however, were reduced to absurdity by the resolutions of the Parliamentary Groups themselves. In connection with this discussion of the question, the accompanying problems were mainly dealt with from the point of view of a development of the Right or of the Left, or of the Central Parties. This attitude in no way exhausts the problem. The living forces of the German people do not find expression in the Parties alone. In the treatment of the question a number of considerations are ignored without which it is not possible to take a just survey of the situation at home and abroad.

It is true that the formation of a Government depends in the first place on the balance of parliamentary forces. But it is quite wrong to regard the Parliamentary Group as an individual unit. The important matter is not the strength with which a Group emerges from the election but what forces are predominant in that Group, what points of view are struggling for expression: the dividing line of Parties and Parliamentary Groups.

If the question of the formation of a Government could be solely and simply solved by the principle of majority, then the Great Coalition, in which I was Chancellor, must have had a very easy task, since it had a larger majority than any Cabinet had ever had in Germany. And yet this whole period was one of crises and internal unrest. Only a few suspected how narrow was the path along which we could move forward without falling into the abyss. From the parliamentary point of view, Social Democracy was not at that

time a unit. Within its ranks, irreconcilable differences between a Left and Right wing struggled for supremacy, differences that, in the Free State of Saxony for example, led to a split in the Party. Opposing points of view also made themselves felt in the other wing Party, the German People's Party, which was well aware that the experiment of the Great Coalition was an attempt to swim against the stream, and would be paid for by the loss of the sympathies of the electorate. But even if these antagonisms had not existed, the situation is not necessarily clear when there is a majority in Parliament for the Government. The forces that fought against the Government at that time may indeed have been in a minority from the parliamentary point of view—Bavaria, the nationalist organizations in Germany, all those elements that figured under the name of Hitler in the South and other persons in the North, the attitude to the State of the productive forces in Industry and Agriculture, remained the great problems of politics, even though the parliamentary basis seemed to be secured. Confronted as we now are again with the formation of a Government, we must approach it by enquiring what are the important considerations for the future conformation of events.

The most disputed question since the collapse of the Great Coalition is that of inducing the German Nationals to take a responsible share in the Government. Because I regarded this as essential, I was exposed to the bitterest attacks. In the plain man's eyes, it did not seem consistent that the leader of the Great Coalition should think it necessary that German Nationals should be included in the Government.

What reasons are there in support of this view, which first appeared on the programme of the German People's Party on January 12th of the current year? Is it a drift of the German People's Party towards the Right? Are we trying to rid ourselves of our former comrades of the Coalition, and seeking a solution of the problems of German home affairs in a fighting front of "Right against Left"? Certainly not. I was able to make clear, without meeting with any opposition, at the assembly of the German People's Party at Dortmund, that we would have nothing to do with this cleavage of the nation into two Germanies. The concentration of all constitutional and moderate forces as urged by the German People's Party is something quite different from the "Right Block" in the narrower sense, which would mean the exclusion of the Centre Parties in

favour of a combination of the Parties of the Right. Even in German National circles it is possible that all the leading figures are not of the opinion that the battle-cry "Right against Left" is what is required for the progress of the country.

The idea of the combination of all forces, of refusing to defame any Party, must be the leading motive of any possible German policy. Anyone who speaks of a concentration of the Right alone, forgets that any moderate Government in Germany is thus rendered impossible, because the Centre will never submit to be regarded as a Party of the Right or as an appendix to a one-sided predominance of such Parties.

Why is the co-operation of the German Nationals now so especially urgent? In the first place because it is the strongest non-Socialist Party, and because it is foolish to ignore the fact. What classes are represented by the German National Party? Behind it stands the greatest part of the Protestant agricultural interests, large sections of commerce and industry, and of non-Socialist Labour, but above all a considerable part of the German intelligentsia in the cities. It has outgrown the old Conservative Party, which was never a Party of the great cities, and it now includes all the most valuable elements in the urban bourgeoisie. The German National Party has, in general, opposed my policy, and I have reciprocated that opposition. I am convinced that the German Nationals have often been led away by the fundamental error that victories can be won by the force of the human spirit alone where there are not material forces available to secure them. I am further of opinion that the German National Party, for all its respect for the great past of the German people, which neither the German People's Party nor any decent German will ever surrender, has often failed to recognize that the reconstruction of Germany, as embodied in the resolution of the People's Party after the murder of Rathenau, is only to be achieved on the basis of the present Republican constitution.

Does not this at the same time suggest an indication of the way in which the situation should be treated? Why did Social Democracy grow into the greatest Party in Imperial Germany? Why did its doctrines become something like a gospel in the eyes of its adherents? Because its dogmas and views could for a long while be represented as a sacred message for the completest possible transformation of political, economic, and social relations, while the

people who relied upon this message were never in a position to see the prophets in the active realization of their ideals. Is not the German National Party going the same way? There are hundreds of thousands, perhaps millions, of Germans who believe that German foreign policy has not achieved any great tangible success, because it is lacking in the National Idea, because it has not the verve and force that find expression in the German National Party. All the set-backs in the foreign policy of a defenceless State have had to be borne by the Parties responsible for directing the policy of the Reich.

It is clear that in the case of a nation with so great a past there must always be a discrepancy between the exalted national consciousness that sees the greatness of the age that is gone, and the impotence and shame of the present, and is too prone to ascribe the contradiction to the incapacity of those in authority. I do not say this as Foreign Minister, anxious to defend myself against the unfulfilment of exalted hopes. I first expressed this standpoint as a plain member of the Reichstag, when Dr Simons took over the Foreign Ministry, and when I pointed out to him that he was confronted by this difficult psychological task. In many cases we do not all of us know how narrow is the path of active German foreign policy, how often we must compromise when a large gesture would be ridiculous, because there could be no deed to back it. Both in home and foreign affairs the people need to be educated to realize our true position. I see no better means of securing this education than by loyally inviting the German Nationals to take their share of the responsibility. They indubitably comprise forces that would enrich the Government of the State. They would then be confronted with the task of putting their individual theories into practice. Not a doubt but that they would have to go the way that all Parties have gone, which have taken a share in responsibility; they would have to look at matters from near at hand, and find the right measure for what is actually attainable, as against the far-flung aims of hope. Perhaps, on the foundation of this realization, we shall find ourselves together in a larger unity, perhaps many a German National Minister may find himself defending a Government policy which he attacked as a speaker in the Opposition. In such an attitude the German is too inclined to see a political lack of character. In every other country it is understood that the business of the Opposition is naturally different from that

of the Government, that the Opposition must be far ahead of the Government in its demands, and that a Party in a Coalition Government cannot act as though it were in free opposition.

That what I am here suggesting is not mere theory can be proved by two examples. When important political questions came up for decision, we had the German National Party in the Government in four separate States. There were German National Ministers in Bavaria, Württemberg, Anhalt, and Mecklenberg; and in Württemberg the President of the State was a member of the Party. When the States were confronted with the great decision regarding the Dawes Plan, the Government of the Reich met with no opposition to their policy in Bavaria, Württemberg, or Anhalt. Would that have been the case if the German Nationals had been in opposition in those States? Surely it was in the best interests of foreign policy and the ultimate acceptance of the Dawes Report, that these States, with the German Nationals in the Government, were at one with the Government of the Reich, as against an opposition that had then become quite without restraint or purpose? Is it not reasonable to draw the conclusion that the result would have been the same elsewhere, if there had been the same understanding between the Opposition and the Government?

But the German does not think in terms of foreign politics; for him politics mainly mean home affairs. And then the question at once arises—How can the enemies of the Republic be included in a Republican Government? Is that not the very question that was asked in former days about the Social Democrats? Would it not have been perhaps possible, even in imperial days, to check the great upheaval that threatened the whole German people, by including the Social Democrats in the Government in spite of their republican dogmas? I am not saying this after the event; I am thinking of that speech of mine in the year 1917, in which I pressed this policy upon the Reichstag; I think of it because I am of opinion that by including the Social Democrats in the Government of the pre-War State, the responsibility for the outcome of the War would have been laid upon the whole German people, and we might perhaps have avoided the revolution and collapse that were certainly not to the advantage of the German people. Are we to make the same mistake to-day? It is said that the Republic is in danger. I see at present no effective threat to the Republic. But if I am prepared to admit that there are still forces in Germany that are

working from the Right for a forcible revolution, then in my opinion there is no better means of converting this threat into a fact than by refusing, as a matter of principle, to admit those who belong to the German National Party to any share in the work of the Republic, thus thrusting them into opposition to the State, instead of inducing them to co-operate with it.

I said at the outset that the great living forces of the nation are not represented by the Parties alone. In so saying I was thinking of the great movement that spread through the front-line soldiers, and the younger generation—organizations like the "Stahlhelm" and the "Order of Young Germans". Anyone who is at all acquainted with the conditions within these organizations knows that they have been recently the scene of an embittered conflict over the conception of the State. Some see their goal in a fight against the State; the others realize that the State as it is must be made secure. And the fight is not yet fought out. Such movements cannot be dispelled by catchwords such as Reaction and the like. Here are true men, and the true youth of Germany. Perhaps there is a certain golden romanticism in their ambitions that loses its glamour when they are faced with the drab tasks of the political life of everyday. But I wish they could find the way of joyful devotion to Germany of to-day; I wish they could recognize the meaning of practical politics, and accompany us on the stony path of reconstruction, and I am convinced that many antagonisms would be smoothed out, and much service done to the cause of internal peace, if that were possible. But if they see that forces with which they are associated are being suppressed, then we shall find that the times that have spiritually passed away, when it was the fashion to deride the Jew Republic, and to speak of the President with contempt, and survey everything from the point of view of the destruction of the existing order, will return, and with them the cleavage of the nation into two camps, which is the worst possible thing that can happen to our interests both at home and abroad.

Lastly comes the question—Are not the dangers inherent in the German National Party present in the same degree in other quarters? I know there are German Nationals with whom no reasonable policy can be arranged, and a German National Party which joins the Government will have its difficulties with its own extreme Left wing. But it is constantly forgotten that the German National Party is formed out of the most varied groups. On the one

side the old Free Conservative¹ elements are very influential, and there is a strong admixture of industrial influence which has learnt to take a practical view as a result of its own activities. It is, moreover, torn between the inclination to stake everything upon a single card, and the hope that by increasing its power in opposition it might in the course of time achieve what can only be attained step by step as the result of coalition and compromise. Still, the Party includes eminent personalities, who are accustomed to think along statesmanlike lines and to recognize political necessities. And the movement towards the Government is an encouraging sign of development within the Party itself. After all, in connection with foreign politics, the German National Party has actually stated that the Dawes Laws were binding. It could hardly express itself otherwise, since it neither could nor would do a violence to the principles of those who voted against them. By this it is recognized that the fight, in matters of principle, over the Dawes Laws is at an end for the German National Party, which recognizes the force of a law as binding upon Germany. We have no reason to doubt this so long as there are no practical grounds for doing so. The Party's determination to extract as many mitigations as possible for Germany within the terms of the Dawes agreement is a view that is shared by other Parties. A conversation on questions of foreign politics, that recently took place with leaders of the German National Party, showed that there was a far-reaching agreement between the views of the German Nationals and the former Coalition Parties. It is on that account most regrettable that, in view of the development of events that makes the creation of a workable majority, without the German Nationals, seem impossible, the misgivings of certain sections of foreign opinion regarding the inclusion of German Nationals in the Government has been so constantly emphasized in the Press, when it was so essential to point out how necessary it was, for a just view of foreign affairs, that the German Nationals should bear their part in carrying out the Dawes Laws.

Such were the considerations that influenced my Party to decide in favour of such a move. I am very ready to cross swords with any critic who has any practical objections to urge against the view.

¹ The Moderate Conservative Party founded in 1866, in opposition to the Old Prussian Conservatives: appearing in the Reichstag before the War as the *Deutsche Reichspartei*; after the War, absorbed in the German Nationals.

It is merely regrettable that in our country politics are always at the mercy of catchwords; there is such eagerness to find reaction, vacillation, opportunism, and want of character—always to be discovered on the opposite side—where in actual fact the sole idea was to achieve some inner consolidation out of the confusion and unrest of the age in which we live.

WOMEN IN POLITICS

To Miss Ethel Anderson, Milwaukee, Wisconsin:

Oct. 17th, 1924

The question, thus precisely stated, whether the woman's place is in politics or in the home, I would in the first instance answer—that her place is in the home. For the wife and mother that is really a matter of course. She will scarcely find time for any public activities. At the same time it is not to be therefore assumed that the woman belongs entirely to domesticity; the economic situation will not permit of this. Once compelled to take up a profession, the woman should choose it according to her inclination and her capacities. A woman's political work will best find its proper scope in those spheres of activity that lie nearest to her. Since the new constitution we have had women colleagues in Parliament. It is certainly no accident that in the great questions of home and foreign affairs women seldom wish to speak, but leave these matters to men. That is, I think, right in so far as women allow themselves to be led far more by their feelings than is desirable for the perception of political necessities. None the less, I am very far from absolutely opposing the woman's aspiration to be man's complete equal in her work.

There will certainly be many women who are at times in a position to practise a man's profession. But when I read, for example, that somewhere in the world a female fire brigade has been formed, I am disgusted. If you look at Nature you will everywhere observe the division of the sexes. But Nature, that embodies the divine, does not take account of accidents; she teaches us what, in the course of thousands of years, history and development have made into necessity. The man belongs to the struggle of life; to the woman is entrusted the task of guarding the domestic hearth. There may be women who would make excellent soldiers; there may be men who would be better outside the masculine professions.

But these exceptions do not alter the rule, and it would mean the overthrow of our whole culture if we looked to the woman, with her character, her disposition, and her gifts, to be capable of all the work that falls to the lot of man. That does not imply the superiority of the male over the female. Their tasks are quite distinct, and it is the complementary quality of the nature and character of man and woman, not their equivalence, that has hitherto led to the progress of humanity.

At the same time I would not deny that there is much and increasing work that women may do in the political sphere. But a woman's political work should be mainly directed towards the subjects of education and welfare. Here the woman may find an unbounded field for her labours, which will be, for the most part, well adapted to her gifts. Welfare work offers such prospects of activity that there could hardly be helpers enough. Here the woman is essential, and can do inestimable work for her nation and her country. Especially at the present time, when there is so much cultural, economic, and social distress in the world, women's work is indispensable.

STRESEMANN TO THE CROWN PRINCE

Dec. 11th, 1924

YOUR IMPERIAL HIGHNESS

I am sincerely grateful for your kind and friendly thoughts, and the sentiments expressed in Yr Imperial Highness's letter. The references to the day on which Yr Imperial Highness returned to Germany and to my share in that event greatly touched me. I am very glad that in the brief period of my Chancellorship, during which so many efforts came to nothing because the German people could not free itself from Party jealousies, I was at least successful in uniting the most various opinions on this one matter. As a result, Yr Imperial Highness's return to your old home was not greeted by discordant party-political dissensions, but received as a matter of course; and this also served to obviate any possible international effects, which at first made us afraid that there would be strong reactions abroad with which we should have to contend.

In the meantime, in home affairs we are far from having reached a healthy condition; crisis after crisis, and one election after another. Even the present decision that lies before us was not wanted; everything is obscure; no one is anxious for responsibility nor willing to assume it. A *rapprochement* between the German Nationals and my

Party, which Yr Imperial Highness suggests, is confronted by a certain stiffening on the part of the Centre, and the larger newspapers are to-day falling upon me, just as they used so tactlessly to sing my praises. In so doing, they quite forget that the idea of combining with the forces of the Left, which I had deliberately advocated in August of last year, was dissolved by just those forces which could not bring themselves to adopt the Cabinet's attitude towards the conflict with the Communist Party, but deserted their own policy and moved towards the Left from considerations of popularity.

Yr Imperial Highness refers to the personal attacks to which you are so unjustifiably subjected, and I can well understand the bitterness that must often come over you. . . . There must be certain natures that are best pleased when they are criticizing their neighbour, contemplating his weaknesses, or discovering his shortcomings and mistakes. If I could set out all the untruths and misrepresentations that have been written about myself in the last few years I might well despair of being able to find any satisfaction in the activities of public life. But in the last resort, we can only be touched by what has some foundation in fact; when our conscience is free, no slander can touch our inner spiritual peace. I am sure that Yr Imperial Highness may therein find consolation against all this unfounded gossip and misrepresentation.

I should be delighted if there were an opportunity of seeing Yr Imperial Highness on your next visit to the Capital, or to Potsdam. I do not doubt, that if this meeting became known, it would be the subject of unbridled comment. However, it is no good letting one's whole life be directed by consideration for people, whom one can never satisfy. May I therefore express the hope that we may meet before long.

THE COLOGNE ZONE

Note by Stresemann:

Nov. 25th, 1924

In my interview with Count Bosdari I talked about Military Control, in connection with which, as I told him, there were now further difficulties, and I mentioned especially the demands that had been made to us to destroy large establishments of the Krupp works, of the Deutsche Werke at Spandau, and of a certain ex-

plosive factory. I could see in this no military necessity, but simply the destruction of German values, that would have a serious effect on German powers of industrial competition. If everything were destroyed that could be used for the production of war material, there would be no end to the process. We could not, on the one hand, fulfil the Experts' Plan, and, on the other, weaken ourselves as we were thus called upon to do. It was extremely important for us that the military control should come to an amicable end, and that the evacuation should proceed smoothly. For there was no prospect of continuing our present foreign policy in Germany if the acceptance of the London agreements was not more or less speedily followed by the evacuation of the Cologne Zone. The Foreign Ministry had taken the greatest trouble to bring the military control arrangements to an orderly conclusion. But I said that on this specific question I must make my reservations, as I did not know whether military questions were really here involved, or the destruction of Germany's capacity for industrial competition.

Bosdari agreed with my last remark and said that it was probably England's envy that here found expression. General Calcagno had twice received strict instructions from Mussolini to avoid any severity in the military control proceedings. He, Bosdari, did not know how General Calcagno could reconcile any acquiescence in the proposed destruction of factories, with Mussolini's orders. He had told General Calcagno a week ago that he must abide by these instructions, and he would again get into touch with him on the matter; he suggested that I should attack the question once more through diplomatic channels.

The evacuation of the first (Northern) Rhineland Zone, due to take place by the terms of the Treaty of Versailles on January 10th, 1925, was endangered. England—governed since the October elections by a Conservative Cabinet with Baldwin at its head and Austen Chamberlain as Foreign Minister—and France, made the evacuation dependent on a report from the Inter-Allied Military Commission. On December 27th the Ambassador's Conference decided that, having regard to the Commission's report, the evacuation could not take place.

On December 29th the Cabinet discussed the foreign situation. Official news regarding the decision of the Powers on the question of evacuation had not yet arrived.

The Cabinet dealt with the question of commercial treaties with France, which were immediately dependent on the question of

evacuation. It was debated whether the German representative on these negotiations, Secretary of State Trendelenburg, should go back to Paris to continue the negotiations broken off on November 10th.

Stresemann expressed the view that Trendelenburg should go back to Paris. It was important to be clear as to the purpose it was intended to achieve. A breach of the negotiations would lead to a tariff war which would bring us no advantage. Moreover, the last word on the question of the evacuation of the Cologne Zone had not yet been spoken. The Allies were clearly agreed that it should not be evacuated on January 10th. France wanted to maintain the occupation until all Germany's military derelictions had been made good. France was especially opposed to any connection between the evacuation of the Ruhr with that of the Cologne Zone. England on the contrary was anxious that the two movements should be connected. America had finally intimated that any further occupation was not consistent with the Dawes Report. They must wait and see which of the two views, the English or the French, would prevail. At the same time it must be remembered that France needed to pay little attention to England, whereas England, as a result of her difficulties in India, Egypt, etc., was not disposed to get on bad terms with France. The German Government had not yet received any official communication on the subject. If, however, they were informed that the evacuation would not take place, in the terms which had been already reported in several French newspapers, that meant the bankruptcy of the London policy, and the three responsible Ministers of Germany, who had taken part in the negotiations in London, would then have to consider whether in the face of such a set-back to their policy, they could still belong to a Cabinet and answer for themselves as Ministers in Parliament.

EVERYTHING AT STAKE

On December 30th Stresemann received the representatives of the Foreign Press and made the following statement:

The evacuation of the Cologne Zone is closely connected with the fulfilment of the Dawes Report. It is simply intolerable that the few rights which still remain to Germany from the Peace Treaty should be destroyed by the policy now initiated in Paris, and nothing left for Germany but obligations. Throughout the

negotiations in London the Parties of the Centre struggled to inspire a confidence which they scarcely themselves possessed. I myself, at popular assemblies and in the Reichstag, often had to defend the Government during that time against the objection by the National opposition, that the Cologne Zone would not be evacuated and the Allies were not disposed loyally to fulfil their engagements. But to-day I must say, to my great regret, that if the Cologne Zone is not evacuated within a brief and definite interval, those who voted for the Dawes Laws, and defended them in the hope that they would at last put an end to the policy of "Sanctions", were wrong.

In this, of course, I make no attack whatever on the value of the Dawes Report. The year 1924 meant for Germany a deep recovery of peace of mind and tranquillity, and a tremendous relief to the strain of the internal situation. But a policy such as that now projected in the matter of the evacuation of the Cologne Zone, means for the German people an unexpected and terrible disappointment, and creates a serious political situation in Germany. The consolidation of the country, which was more especially characterized by the great losses of the extremer Parties at the last election, rested simply and solely on the general belief in Germany that, although under difficulties, the country would now at last go forward, and could again see a future in the distance. This business will take the ground from beneath the feet of reasonable people in Germany, and the extremists will again get the upper hand.

If there had really been any serious derelictions by Germany in the matter of disarmament, the leading French journals would long since have raised an outcry, and if, as is maintained, the German liaison officers had pursued a policy of deliberate obstruction, the German Government would long since have received a Note from the Allies. It should be realized in other countries that the tasks imposed on these officers involved very great nervous strain. Even if the accusations made against us in connection with disarmament could be proved—they were contradicted by the Reichswehr Minister in the *Berliner Tageblatt*—how could twenty thousand or even a hundred thousand rifles alter the fact that Germany is disarmed? Germany could not even conduct a defensive war, since we possess no gas-masks, no aeroplanes, no artillery, and no tanks. Germany was not even able to raise the army of a hundred thousand men allowed under the Peace Treaty, because no more

men could be found willing to engage themselves for twelve years. Germany with her sixty million inhabitants is so disarmed that we could not even seriously defend ourselves against invasion by Poland or Czecho-Slovakia. If, none the less, these pretended defaults are taken as a pretext for not evacuating the Cologne Zone, it is difficult to avoid the impression that we are here again confronted with a policy of "Sanctions". Against such a policy it is hardly possible to utter too urgent a warning. The past has shown that only by the way of negotiation and never through a policy of force, can agreement be reached.

The material that has reached the German Government regarding the alleged defaults is extraordinarily small. When, for example, the accusation is brought forward that the Reichswehr is a State within a State, and that General von Seeckt could at any time declare himself Dictator, one must ask what General von Seeckt could do with his hundred thousand men, and why in fact there should have grown up any estrangement between the Reichswehr and the nation. This estrangement is no more than the consequence of the provisions of the Treaty of Versailles, which forced upon us a paid professional army, and destroyed the citizen army created by Scharnhorst, in which all classes of the population served. Another accusation brought against us is the alleged militarization of the police. I do not know what is meant by this. Are these people afraid that the constable who directs the traffic from his kiosk on the Potsdamer Platz may, by the aid of his strategic knowledge, suddenly proclaim himself Commissioner of Police? Our police are naturally trained like the police of any other country, which are to carry on a successful war against criminals. But in Germany the police must also be brought into action against all attempts against public order. The German Government can never accept the demand that the police should cease to be housed in barracks: that would merely be offering facilities to the extremists of the Left and Right. The acceptance of this demand would benefit no one but these extremists. If every policeman had to be specially called out, how would it be possible to maintain the authority of the State? I am reminded, in this connection, of the night of the 8th-9th November 1923, when the *Putsch* broke out in Munich. What could I then have done if I had not had a couple of thousand police at my disposal, who could, in the event of danger, have protected the Wilhelmstrasse?

Instead of the open conflict, to which such a policy will surely drive us, and which might imperil the co-operation between Germany and the Allies in other connections, we ask for negotiations over all differences of opinion, and written evidence of the results of the 1800 visits of control, so that we may on our side test these accusations. It is essential that there should be an investigation on both sides of Germany's alleged defaults so that we may be in a position to make good any dereliction that is proved. We are of the opinion that the differences that may have arisen as a result of the disarmament clauses of the Treaty are far too slight to form a basis for a departure from the policy begun in London, and to maintain an occupation of German territory for longer than was contemplated.

In the recent somewhat heated debates in the Reichstag and in more than one public meeting, when I stated that in the first few months of the New Year the Rhineland and subsequently the Ruhr would be freed from occupation, I have always been greeted with derisive shouts from the German National opposition, and I have always protested against the belief that the other side would not keep to their agreement. I come back to the question whether the agreement will be kept or not. In any case one thing is clear to me; the absence of an understanding on the question of evacuation, and a more or less explicit intention to remain in the Northern Zone without discussing with Germany the possibility of a compromise and a more or less simultaneous evacuation of the Ruhr and the Rhine—all this would mean the complete bankruptcy of the policy initiated in Germany to secure the acceptance of the Dawes Report, and would be regarded as such by the German people.

A BALANCE FOR THE YEAR

From an article by Stresemann in the *Zeit*:

The end of the year calls for the balancing of accounts, for a survey of what has been achieved and what has remained uncompleted within a given span of time. But more than ever, at the end of the current year we find ourselves looking forward. The problems of politics are untroubled by the divisions of time; they stand before us both at home and abroad, unsolved. But that we have made progress both politically and economically during the past year, no one is likely to dispute. A year ago the whole problem of the occupied area of the Ruhr still lay before us. The effects of this on

the other parts of occupied Germany were far-reaching, and had they not been solved might have endangered the unity of the Reich. Separatism, the Rhineland Gold Note Bank, the pilgrimages to M. Tirard, the despair over an impossible position, the doubts whether the Reich could help, unemployment on one side followed by production for foreign account under pressure of the Micum Treaties, the confusion produced by the exiles, for whom it was difficult for the nation to provide, the misery of those in prison who did not know when the hour of liberation would strike, German mining concerns worked by France—all this is now behind us.

The reconstruction of Germany must, in the first resort, proceed not from material but from spiritual resources. If the Dawes Laws were ultimately accepted by the Reichstag, this was not least due to the fact that they brought a relief from spiritual tension for the German people, and a hope of progress under settled conditions. This acceptance was also inspired by the thought that London represented the starting-point of a new political situation for the world, and a pacified Europe. The time of national isolation, as MacDonald observed at the final meeting of the London Conference, is over. Then came the invitation to Germany from Geneva to enter the League of Nations. Reference was made to the empty chair on which Germany must sit, and it was recognized that without Germany a League of Nations was not in a position to settle European affairs. It was therefore reasonable to hope that from these standpoints the policy of other nations towards Germany would now wear a somewhat different aspect, and the idea that the burdens undertaken with the Dawes Laws would lead at least to a freedom secured by Treaty, influenced the agreement of many who were well aware of the difficulties laid upon us by the fulfilment of the Dawes Plan.

But these hopes and expectations were doomed to disappointment. Echoes reached us from the debates in the French Chamber, which sounded as though Poincaré was once more beating the old war-drum. When a Deputy said that Germany was more powerfully armed than before 1914, it was bitterly hard not to write a satirical reply. When another said that measures must be taken to prevent Germany re-entering the comity of nations as if nothing had happened, the old idea of the defamation of Germany therein found expression. But when the *Temps* observed that the error of 1919 must again be made good, and when people began to talk of the Rhine

as the rampart of France against Germany, these are tendencies that have nothing to do with the spirit of the London agreements. We would not esteem them as expressions of official French policy, but we cannot fail to regard them as indications of feeling that show us how much War hatred still survives in France, notwithstanding the favourable outcome of the War for France. We cannot ignore the fact that we are being constantly assured that Germany will not be subjected to any policy of chicanery, and yet that the problem of disarmament is looked at from the standpoint of the most trivial considerations. The fact that Germany is completely disarmed needs no discussion, and there is not a single soldier with a reputation to lose that would commit himself to the foolish statement that the security of France was threatened by Germany. It is painful for a German to see in an American newspaper a caricature in which the European Great Powers are represented in the form of a conglomeration of armour-plates and among them Germany as a small flea, and beneath it the words, which were the title of some farce: The Flea in the Engine Room; but this caricature represents the actual position of Europe much better than all the vague assertions of secret stores of weapons and munitions which have never yet been substantiated in a single case.

If the Allies think they have any reasons for complaint in military questions, that is a matter on which Germany neither could nor would refuse to enter upon negotiations. But to use these complaints as an excuse not to evacuate the occupied Northern Zone, signifies, for German public opinion, a victory for those who regarded any possibility of any amelioration of the political situation as an illusion. In the last resort the conflict over the Dawes Laws was a conflict between confidence and mistrust. The loyal fulfilment of the provisions of the Dawes agreement in connection with the evacuation of Dortmund, the restoration of the *status quo*, gave ground for hope that the other questions too would be settled in the same spirit. We have indeed no reason to doubt from the recently repeated statement of Herriot that he would without question adhere to his promise that the Ruhr would be completely evacuated. But all this cannot alter the fact that the date for the evacuation of German territory, not merely of the city of Cologne, but of an area containing more than two and a quarter million inhabitants, is now passing, and the agreement which was to bring to Germany the greatest relief since the War in the matter of the

liberation of German soil, has not been fulfilled. The economic sovereignty of Germany is one of the preliminary conditions of the Experts' Report. If it is formally preserved in the occupied area, it must not be forgotten that treaties need not merely material means for their fulfilment, but that the spiritual attitude of a nation towards its destiny is of very great importance for the success of a policy, greater perhaps than the written clauses of a treaty.

We are not yet able to survey the extent of the conflict. There is still dispute on the opposite side as to whether the evacuation shall be delayed on account of Germany's alleged default, and then combined with the evacuation of the Ruhr as a unified act, or whether, as would appear from certain expressions of opinion in France, it is really proposed to maintain that France's security is in danger, and that it is desirable that the French occupation of the Rhineland should be further continued. It is hardly necessary to point out the consequences involved in the application of such a point of view. Perhaps the Allies may pause when they recall that General Nollet himself says in his report that there were no difficulties in the operation of military control until the evacuation of the Ruhr, but that this evacuation created the difficulties that naturally arose out of this change of policy. Perhaps another example can be adduced to show that the whole policy of ultimatums to Germany was condemned to failure, and that the policy of equal negotiations with Germany led to the successful settlement of the Reparations question.

German foreign policy has not altered its aim. It is a complete misconception of the facts to say that it has lately departed from the way of understanding. I know nothing of such a policy of protest. The whole labour of the last few months, especially in the economic sphere, tends much more to show Germany's desire for understanding, and, in possession of her industrial and commercial freedom, to create the foundations for industrial co-operation with those States which have hitherto had the advantage of a one-sided most-favoured-nation treatment. In the hands of those who, on the side of the Allies, are to decide within the next few weeks upon the destiny of German territory, is laid a responsibility that goes far beyond the individual occasion and involves the question, in its broadest sense, of the pacification of Europe.

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